

## COUNTRY COMMERCIAL GUIDE FY 2004

### GERMANY

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## 1: EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Germany's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

The German economy is the world's third largest, and accounts for about one-third of the European Union's GDP. Germany is the United States' largest European trading partner and fifth largest global partner. Germany practices a "social market" economy that largely follows free-market principles but with a considerable degree of government regulation and generous social welfare protection.

The German government forecasts a 0.75 percent increase in GDP for 2003 after a slight 0.2 percent gain last year. However, many analysts regard the government's expectations as overly optimistic and forecast flat growth for 2003. Domestic demand will likely give only a minor impulse for economic growth in 2003, with German exports providing the most promising sector despite the Euro's appreciation against the Dollar.

In March 2003, half a year after Chancellor Schroeder's re-election in the September 2002, the Chancellor presented a blueprint for economic and structural reform, boosting economic growth and employment. The proposed reforms, termed "Agenda 2010," aim to stimulate job creation as well as call for cost-cutting measures in social sectors such as pensions, health care, and welfare. The government has also proposed accelerating tax rate reductions scheduled for 2005.

High unemployment is Germany's most sensitive political and economic issue. Unemployment rose to 4.3 million in May 2003, exceeding 10 percent of the labor force. Structural factors are largely to blame for continuing high joblessness, factors the government has only recently begun to redress through labor reforms and job creation measures. Significant differences remain between unemployment in the eastern and western states of Germany. The unemployment rate in the western states was 8.2 percent, while the comparable figure for the eastern states is 18.6 percent. Moreover, long-term unemployment remains a component in Germany's overall unemployment levels.

The German market, America's largest export market in Europe, continues to have numerous attractive sectors, and remains an important component of any comprehensive European export strategy. For U.S. exporters, Germany holds a market advantage that few countries can match. More world-class trade events are held in Germany than any other location in Europe, and quite possibly in the world. As one example, CeBIT (computers and telecom) the world's largest trade event, draws over 750,000 visitors and 7,000 exhibitors annually, with significant participation from the Asia, Latin America, and Africa. Similar caliber events in many industrial sectors make Germany an international marketing crossroad, permitting U.S. exporters to cover German, European as well as global prospects in one location. A summary of major German trade events supported by the Commercial Service is noted in Section 13 of this document. U.S. investors at the same time can count on high levels of productivity, a highly skilled labor force, quality engineering, first-class infrastructure, and a location in the heart of Europe. However, as for any international location, investment considerations should be conducted with professional assistance and based on thorough analysis.

Germans appreciate innovation and high technology, particularly in the consumer goods sectors. New solutions in the multi-media, high-tech and service areas that will help more Germans join the Internet generation offer great potential. U.S. products that offer cutting-edge technology such as computer software, electronic components, health care and medical devices, synthetic materials and automotive technology are especially highly regarded. Price will not always be the determining factor for the German buyer, especially for inputs in the intermediate stages of production, where the manufacturer cares deeply about his own product and service reputation.

In approaching the German market, exporters should recognize that the market is as decentralized and diverse as the United States. Bavarian and Rhineland tastes, for example, differ markedly. An American company seeking sales in Germany is strongly advised to take into account such regional differences. Generally speaking, U.S. exporters who seek to support clients from a single European location, or directly from the United States are at a disadvantage given German and other European competitors who have the advantage of proximity. However, unique products, high quality products and service, or the right price may offset such factors.

With the exception of the EU Common Agricultural Policy, Germany presents few formal barriers to U.S. trade or investment interests. Germany's regulations and bureaucratic procedures, however, can prove a baffling maze, blunting the enthusiasm of U.S. exporters and investors. While not discriminatory, government regulation is often complex and may offer a degree of protection to already-established local suppliers. Safety or environmental standards, not inherently discriminatory but sometimes zealously applied, can complicate access to the market for U.S. products. American companies interested in exporting to Germany should conduct thorough market research as well as identify relevant standards and obtain timely testing and certification. For U.S. exporters looking to market across the European Union, satisfying German standards may prove to be beneficial given that EU-wide standards are frequently based on German practice.

Further information on Germany can be found at the U.S. Commercial Service Germany website <http://www.buyusa.de/en>. Information on other European markets can be found on the "Showcase Europe" homepage: <http://www.buyusa.gov/europe>. This is a comprehensive source for market research and business counseling information designed for U.S. exporters interested in the European marketplace.

## **2: ECONOMIC TRENDS AND OUTLOOK**

### **Introduction**

Germany's strong post-war economic growth has afforded its citizens one of the highest standards of living in the world. At the same time, Germany supports one of the most comprehensive and generous social safety nets in the industrialized world. The German "social market" economy is based largely on free market principles, but critical labor, wage and regulatory decisions are the result of a consensus between government, business and labor. While the system has served Germany well and remains relatively popular, the German economy today faces serious issues including persistent slow growth, persistently high unemployment, high outstanding government debt, an increasing share of government revenues going for debt service payments, high tax rates, continued high net transfer payments to eastern Germany, high unit labor costs, and growing social security and non-wage labor costs. These problems and the resulting concerns over Germany's attractiveness as an investment site have underscored the need for changes in the government's economic, fiscal and social policy course, towards budget consolidation and structural reforms.

For 2003, Germany continues to suffer from economic stagnation. Clear signals for a significant upswing are not in sight and the trend toward rising unemployment remains.

### **Economic Forecast**

The German government forecasts a 0.75 percent increase in GDP for 2003 after a slight 0.2 percent gain last year. However, many analysts regard the government's expectations as overly optimistic and forecast a growth rate of only about 0.5 percent. The most recent calculations indicate the continuation of economic stagnation in this year, with growth rates close to zero. Domestic demand will likely give only a minor impulse for economic growth in 2003. As in recent years, exports provide the most promise despite the Euro appreciation against the Dollar.

Consumer price inflation declined to about 1 percent in the first half of 2003. Mainly due to economic stagnation, the number of unemployed continued to rise to 4.3 million by May 2003 and the unemployment rate hovers around 10.5 percent of the labor force (using German calculation methods). There continues to be a significant difference between unemployment in the eastern and western states of Germany. The unemployment rate in the western states was only 8.2 percent in May 2003, while the comparable figure for the eastern states was 18.6 percent.

### **Economic Policy Environment**

In March 2003, half a year after his re-election in the September 2002 parliamentary elections, Chancellor Schroeder presented his blueprint for economic and structural reform, targeting economic growth and employment. Persistent economic sluggishness and two lost state elections in Lower-Saxony and Hesse earlier this year drove the Social Democrats and their coalition partner, the Greens, to develop a major reform package, termed "Agenda 2010." The package includes measures for jobholders and job seekers, greater labor market flexibility and cost-saving measures in social services and welfare benefits. Initially "Agenda 2010" received strong criticism from both labor unions and SPD left-wingers, however, despite criticism, the government held firm and avoided substantial changes in the program.

Scheduled to come into effect in 2004, these reforms could serve as a necessary first step in restoring confidence in the government's ability to tackle structural economic problems and high unemployment. The agenda calls for a deregulation of the crafts sector to increase competition in this over-regulated part of the economy. A reform of the local authority financial system is planned to solve significant municipal level budget problems.

## **Social Security Reforms**

The rapid aging of the German population will put enormous financial pressure on the public pay-as-you-go social security system. Absent major reform, an imminent sharp decline in the ratio of active workers to retirees will force the current system to raise employee and employer contributions or reduce benefits. Already the government has to fund from general tax revenues obligations for former East Germans who reached retirement age without ever contributing to the West German social security system. The government has therefore enacted pension reforms that contain limits to benefits from the public system. However, additional reform measures are needed to cut costs and keep the pension system sustainable.

As part of its "Agenda 2010" reform package, the German Government approved a set of bills in mid-August which include the restructuring of the Federal Employment Institute, the merger of unemployment assistance and social welfare benefits, and reform of community finances. A proposal for a reform of the statutory health care system that aims to reduce labor-related costs of the social security system has already been negotiated between the government and major opposition parties. Most of the government's proposals require the approval of the parliament, including the opposition-dominated Bundesrat, the second chamber representing state governments, before they can be cast into legislation. While an outright blockade by the CDU/CSU opposition seems unlikely, significant changes to the proposals in the upcoming legislative process can be expected given the strong criticism from opposition parties, trade unions, charitable organizations, regional and local governments.

## **Labor Market**

The performance of the German labor market during the 1990s, measured by the level and growth of job creation and unemployment, was weaker than in most other comparable countries. The difficult situation in Eastern Germany was a major, but not the only, reason for this situation. In addition to lower-than-average workforce participation and levels of employment, the German labor market suffers from numerous structural problems. For example, the portion of long-term unemployed (i.e., over one year) is high, while the employment rate for low-skilled workers is low. Unemployment is particularly high among women, low-skilled and older workers, who are often "pushed" from the primary labor market into the social welfare system. Also, the relatively low level of flexibility in the German labor market is an important factor in Germany's employment picture.

There are, of course, other significant factors, including macroeconomic issues. Comparatively strong protection against dismissals, coupled with strict regulation of fixed-term and temporary employment contracts protects a company's core work force, but hampers the transparency of the employment system and leads to segmentation of the labor market. This development has mainly affected young people and women, and increases the risk of long-term unemployment. In addition, factors such as limited acceptance of older workers, as well as "structural mismatches" in the supply and demand of skilled workers also contribute to Germany's persistently high unemployment. The ineffectiveness of Germany's various labor market support programs (too much emphasis on providing for the unemployed and too little emphasis on incentives for work) was another factor contributing to unemployment.

While Germany's high non-wage labor costs have a clearly negative impact on employment, the effects of Germany's system of wage determination of multi-company, industry-wide contracts on the labor market are less clear. In order to adapt to the challenges of globalization, many of these contracts have been revised in recent years. They include not only highly flexible working time arrangements in nearly all industry sectors (including so-called corridor solutions in the chemical industry, for example, where workers may work longer or shorter hours than the regular 37.5-hour workweek without additional costs for the employers), but also have introduced escape clauses for ailing companies (i.e., the metal industry in East Germany), lower entrance pay scales, and performance-based annual bonuses. The Master Agreement for the metal industry in Baden-Wuerttemberg, for example, gives 384 possibilities to deviate from the normal 35-hour week. The new BMW plant in Leipzig has a highly sophisticated working time regime, under which workers can work on Saturdays, longer hours, or consecutive shifts, etc. This means, in essence, the BMW plant can operate about 150 hours a week.

Moreover, coverage under a collective agreement has been declining in recent years. In all of Germany, multi-company, industry-wide contracts cover about 43.4 percent of all firms; 5.3 percent are covered by a company-level agreement; and 51.3 percent are not covered at all. An East-West comparison shows that 66.6 percent of the firms in the East are not covered by a collective agreement vs. 47.5 percent of the companies in the West. Differentiated by workers covered by a collective agreement, the ratio of covered/uncovered workers is 73.6 vs. 26.4 percent for all of Germany. Again, the coverage is higher in the West than in the East (75.8 vs. 63.2 percent).

Despite high unemployment, serious labor shortages exist in many high-skilled fields. The government has tried to address these shortages through a "Green Card" program that has made available 20,000 work visas to foreign IT workers, although the slump in the telecommunications/IT field has sharply reduced use of this program in the past year. In addition, a new immigration bill was signed into law by the President in June 2002, but the Federal Constitutional Court overturned it on

procedural grounds. The government has re-submitted the legislation. The Chancellor and his coalition face pressures from many sides to move forward with labor market reform. Not the least among the challenges is an aging population that is not even replacing itself.

### **Budget and Tax Policy**

The government has practiced strict spending restraint in an effort to reduce the budget deficit. Nevertheless, despite efforts to rein in spending in the 2003 budget, current government plans assume unrealistically strong growth. The total deficit (including social security) rose to 3.6 percent in 2002 and thus exceeded the Maastricht 3 percent of GDP limit. In May 2003, an official working group of tax forecasters presented its latest projection, predicting much larger than expected holes in government budgets. For 2003, the additional shortfall amounts to 8.7 billion EURs. This figure, together with the higher than expected government expenditures caused by the deteriorating labor market situation, has made the government forecast of a 2.8 percent budget deficit in 2003 already obsolete. Germany will exceed the 3 percent GDP limit of the EU Stability and Growth Pact for the second time in a row. Total government debt (60.8 percent in 2002) was just slightly above the Maastricht limit of 60 percent of GDP, and will continue to rise gradually this year.

Mindful of the impact of high tax rates on the German investment climate, the government enacted in July 2000 tax reforms including sharp tax cuts. These reforms cut corporate income tax rates, reduced personal income tax rates, sought to broaden the tax base by closing some tax loopholes, and eliminated capital gains tax on sales of equity holdings by one corporation to another corporation as of January 1, 2002. The next tranche of income tax cuts is planned for 2004.

## **3: POLITICAL ENVIRONMENT**

### **Overview**

Despite recent disagreements over the issue of Iraq, U.S.-German relations are deep and broad ranging, with strong ties in almost every level of the relationship. German-American political, economic, and security relationships have historically been based on close consultation and coordination at the most senior levels. There are positive indications that these relationships will continue to improve in the wake of differing approaches to Iraq. High-level visits regularly take place, and the United States and the FRG cooperate actively on a wide range of international issues. U.S. Government officials enjoy good access to policy- and decision-makers, and are able to raise issues directly affecting U.S. businesses in Germany.

Maintaining economic growth and fostering the continued development of eastern Germany are economic priorities for the German government that also have political implications. The states of the former German Democratic Republic (East Germany) contain millions of voters, and the government is continuing its ongoing efforts to bring them up to the economic standards of western Germany as quickly as possible. Accordingly, a high priority is placed on financing eastern development, implying the likelihood of a flow of major project opportunities for years to come.

In addition, Germany's political leadership also wants to promote Germany's competitiveness and various proposals are being considered to modernize the country's economic infrastructure. Since unification on October 3, 1990, Germany has placed special emphasis on improving its relations with its directly neighboring states as well as strengthening transatlantic relations. Recognizing that political stability is nurtured by economic prosperity, Germany has been one of the major sources of assistance to Central European and CIS states. Germany is a member of the European Union.

### **Basic Government Structure**

Under the German Constitution, known as the Basic Law, the Federal Republic of German (FRG) is a parliamentary democracy with a bicameral legislature, an independent judiciary and executive power exercised by a Prime Minister whose title is Chancellor.

The lower house of Parliament, the Bundestag, currently consists of 598 deputies elected for a 4-year term. Members are elected through a mixture of a direct vote for constituency candidates and a second vote for party lists. The federal and state electoral laws stipulate that parties must receive at least five percent of the national vote (or at least three directly elected seats in federal elections) in order to be entitled to full proportional representation in the federal and state parliaments. National elections on September 22, 2002 returned the incumbent Social Democratic-Greens coalition to power under Chancellor Gerhard Schroeder. One must be 18-years old to vote in Germany.

The Federal President, whose duties as Chief of State are largely ceremonial, may be elected to two five-year terms. Executive power is exercised by the Chancellor who is elected by and responsible to the Bundestag. The Chancellor cannot be removed from office during a four-year term unless the Bundestag has agreed on a successor.

The upper house, the Bundesrat, comprising 69 members, is composed of delegations from the 16 state governments. Each state has between three and six votes, depending on its population. The role of the Bundesrat is limited, but it can veto or engage in revision of legislation passed in the Bundestag when the proposed legislation would impose or affect the responsibilities of the states. Among these are matters relating to tax reform, law enforcement and the courts, culture and education, the environment, and social assistance.

**The political parties represented in the Bundestag are:**

The Social Democratic Party (SPD), which abandoned the concept of a strictly working class party in 1959 while continuing to stress social welfare programs. The SPD heads the federal government that took office in October 1998, and which was reelected in 2002 under Chancellor Schroeder.

The Christian Democratic Union and its Bavarian sister party, the Christian Social Union (CDU/CSU) are generally conservative on economic and social policy.

The Alliance 90/The Greens (Buendnis 90/Die Gruenen), which has an environmentalist, pacifist platform, is the junior partner in the current federal coalition government.

The liberal Free Democratic Party (FDP) identifies itself as a market-oriented, civil libertarian party.

Additionally, two directly elected representatives of the Party of Democratic Socialism (PDS), the successor party to the communist party of the former German Democratic Republic, sit in the Bundestag. The failure of the PDS to clear the five-percent hurdle in the 2002 elections means that the party was not entitled to its full proportional representation.

#### **4: MARKETING U.S. PRODUCTS AND SERVICES**

##### **Overview**

U.S. companies intending to export to Germany must take into account the commercial context. To a far greater degree than its European neighbors, Germany's population and industry are decentralized and evenly distributed. Major cities and businesses dot the countryside in a landscape that features no single business center. Often U.S. companies seem to seek to cover Europe from a single European base, or even through periodic visits from the United States. The German commercial customer at the same time expects to be able to pick up the telephone, talk to his or her dealer, and have replacement parts or service work immediately available. U.S. exporters should avoid appointing distributors with impossibly large geographic areas, without firm commitments regarding parts inventories or service capabilities, and without agreements on dealer mark-ups.

Success in the German market, as elsewhere around the world, requires long-term commitment to market development and sales back-up, especially if U.S. companies are to overcome the geographic handicap with respect to European competitors. Germans at times perceive U.S. suppliers as being quick to defer processing an export order in favor of a subsequent domestic order, or to bypass a successful distributor to deal directly with his customer. Some German entrepreneurs with selective experience with U.S. companies are skeptical about their long-term commitment and after-sales support. U.S. firms entering Germany today are generally aware of the factors that make for a successful export relationship and are ready to establish a credible support network. However, U.S. firms should be ready to address any lingering doubts from prospective German clients/partners.

##### **Services**

Services are playing an increasingly important role for Germany's economy. In many studies and reports, the United States has been portrayed as a good example of a service-oriented economy, and many experts believe that a focus on these sectors will provide Germany with an opportunity to significantly reduce unemployment. Despite a still existing reluctance among the workforce, which is traditionally oriented towards manufacturing and industrial processes, growth potential for and the importance of the service sector is considerable.

In 2002, the portion of the country's GDP accumulated in the service sector reached EUR billion 1,379.12 – approximately 70% of the total GDP. Since many manufacturing businesses satisfy their demand for services internally, this figure does not correctly reflect the importance of the services sector for Germany. The German Federal Economics Ministry estimates that services account for more than 70% of all jobs, a figure slightly below the comparable indicator in the United States.

In many areas, the German government follows EU stipulations opening up service markets, such as telecommunications, postal services, the rail system or energy, which may offer potential for U.S., competition. Other sectors, such as the water industry or road haulage may appear to be in general open to competition, but do not at a first glance lend themselves easily to U.S. involvement.

The German government prides itself for having established a liberal, open telecommunications market, following the deregulation of voice telephony in 1998. The number of telecommunication service providers has risen from 1,200 in early 1998 to more than 1,700 - many of them American - and, according to government sources, these companies have created more than 53,000 new jobs. Currently, however, the German telecommunications and IT industries are facing adverse conditions. Due to the overall global downturn in this industry as well as the continued dominance of Deutsche Telekom AG (which itself has seen its share prices decline to an all-time low), many companies that have entered the market enthusiastically have unfortunately closed their doors.

Even under better economic conditions, the situation of the services industry leaves room for improvement. U.S. companies considering entering the German services market should be aware that the still comparatively high tax rates despite modest cuts and complicated tax laws may constitute an obstacle to investors, although deductions, allowances and write-offs help to move effective tax rates to more internationally competitive levels.

### **Trade Fairs**

No business visitor or company wishing to export to Germany can fail to note that trade fairs play a crucial role in marketing in this country, a role perhaps unique in the world. This is not too surprising when one considers that the trade fair movement was born in Germany in the Middle Ages and that, even today, a major portion of the truly world-class vertical fairs take place within Germany's borders, attracting buyers from around the world. During any given year, one or more major trade fairs will be staged in Germany for almost any product or service. Trade fairs thrive in Germany because they are occasions on which business is actively done, rather than serving simply as public relations venues. U.S. exhibitors at German fairs should bring their order books and be prepared to sell. While U.S. exhibitors and even visitors can often conclude transactions, all attendees can use the great German fairs to conduct market research, see what their worldwide competition is doing, and test pricing strategies. The German fairs should not be thought of as strictly venues for doing business in Germany. The major shows attract buyers from throughout the world, allowing U.S. exhibitors do business here with buyers from Europe, Asia, Africa, Latin America and even with other U.S. companies.

While both CeBIT 2003, the world's largest computer and telecommunications show, and the 2003 Hannover Trade Fair, the world's largest industrial trade fair of any kind, suffered from the September 11 aftermath, the Iraq crisis and the burst of the telecom bubble, trade fairs in general still saw impressive numbers of visitors and exhibitors. This confirms the conviction that there is no other venue where an American company can get so much product exposure for its marketing dollar. Trade fairs also provide a U.S. company interested in entering Germany with the opportunity to research its market and the potential of its product properly before making a business decision, which is advisable in any case. Not all products can be easily sold and, even in a high-priced country such as Germany, it is important to attach the right price tag to a product.

The promotion of U.S. participation at German trade fairs is an essential part of "Showcase Europe", a field-driven initiative that is designed to pay tribute to the ongoing integration of a single Europe. "Showcase Europe" concentrates on the following sectors of strategic interest: Aerospace; Energy; Medical Equipment, including Drugs and Pharmaceuticals; Telecommunications and Information Technologies; Environmental Technologies and Equipment; Franchising; and Travel and Tourism. At selected fairs, for example, U.S. Embassy staff offer U.S. companies a wide range of programs matching their interests with potential German business partners as well as with visitors from other European countries. "Showcase Europe" also focuses on advocacy on behalf of U.S. business interests and concentrates on further opening the markets in the above listed sectors to U.S. companies, including official U.S. government advocacy on behalf of American firms bidding on German procurement projects.

### **Advertising**

In addition to exhibiting at a German trade fair, in most cases a strong factor in a broad-based marketing program. Regulation of advertising in Germany is a mix between basic rules and voluntary guidelines developed by the major industry associations. Legal rules were established at the beginning of the 20th century by the "Law Against Unfair Competition". Although it has been modified over time, this law continues to be valid today. In essence, this law allows competitors to bring suit if advertising "violates good manners".

Many advertising practices that are common in the United States, such as offering premiums, are not allowed in Germany. Any planned advertising campaigns should be discussed with a potential business partner or an advertising agency in Germany. Following is the address of the German association of advertising agencies:

Gesamtverband Kommunikationsagenturen e.V.  
(German Association of Advertising Agencies)  
Friedensstr. 11  
60311 Frankfurt a.M.  
Telephone: [49][69] 2560080  
Telefax:[49][69] 236883  
[www.gwa.de](http://www.gwa.de)

There are numerous technical or specialized periodicals that deal with all aspects of technology and doing business in Germany. In addition, Germany has a well-developed array of newspapers and magazines, which offer the opportunity to gather information and advertise products and services.

### **Associations**

Nearly all facets of doing business in Germany have a relevant industry or trade association and can often serve as a suitable point of contact when trying to establish a partnership.

### **Public Procurement**

Selling to German government entities is not always an easy process. However, although there has been a delay in implementing all facets of the EU Utility Directive, in general, German government procurement is non-discriminatory and ostensibly complies with the GATT Agreement on Government Procurement (the Procurement Code) and the European Community's procurement directives. That said, it is a major challenge to compete head-to-head with major German or other EU suppliers who have established long-term ties with purchasing entities.

### **Marketing to the New Federal States**

While market conditions in the new and old federal states of the reunited Germany continue to converge impressively, U.S. exporters and potential investors should, nonetheless, be aware that the new federal states of eastern Germany still present, in certain respects, distinctive commercial opportunities and challenges.

For instance, while promotion and investment assistance provided by the German Federal Government usually covers the entire territory of Germany, some programs and terms are more favorable in the new federal states as part of the government-led effort to transform these states of the former East Germany to a market economy. Additionally, at both the federal and state level there are investment grants, special depreciation and credit programs, and regional promotions, which apply specifically to the new federal states.

One regional promotion initiative of particular interest to U.S. firms interested in market opportunities in the new federal states is the Industrial Investment Council of the New German States (IIC). Through extensive market research, the IIC has identified the distinctive commercial conditions which set eastern Germany apart as a favorable commercial destination for major U.S. investors as well as for U.S. exporters. Among some of the distinctive conditions which IIC's market research is highlighting for the new federal states are: wage and labor flexibility across the board; local flexibility in accommodating major infrastructure projects; technical, workforce, and niche R&D capabilities along with transportation logistics and distribution advantages; etc.

### **E-Commerce**

Germany's Internet commerce market leads Europe and is among the world's most sophisticated, totaling EUR 88 billion in 2002. It is expected to grow to EUR 676 billion by 2006. The use of the Internet by individuals and businesses in Germany is continuing to expand. More than 50 percent, or 32.1 million Germans older than 14 years were online in June 2003. This percentage is expected to grow to 68 percent by the end of 2006.

Business-to-business (B2B) commerce accounted for EUR 78 billion in 2002 and projected to grow to EUR 604 billion by 2006. Business-to-Consumer (B2C) commerce accounted for EUR 9.5 billion in 2002 and forecasts believe it will grow to 72 billion in 2006. About 2.1 percent of German retail transactions will be online sales in 2003, up from 1.6 percent in 2002.



**B2C** – 68 percent of Germans with Internet access realized at least one business transaction via the Internet. Favorite purchases are airline tickets, electronic devices, computer equipment, books, music CDs and DVDs. Primarily larger firms such as Amazon, Otto, Quelle, Tchibo, Conrad, and Ebay have increased their online sales. Retailers without “physical” retail stores or those lacking brand recognition sometimes encounter difficulties when trying to win the trust of German customers. Besides trust, price and product diversity are the most important competitive factors. Selling groceries over the Internet, for example, has not proven to be successful: Tough price competition and small margins do not leave retailers with enough capital to invest in alternative distribution channels.

**B2B** – Almost all German small and medium sized businesses have Internet access. Online transactions are growing and Customer and Partner Relationship Management are becoming increasingly important; public marketplaces, however, are losing attraction. Most e-commerce strategies focus on a quick return on investment. The major channel for B2B transactions remains the traditional Electronic Data Interchange. For the future, experts believe that high-quality brand-name articles and automotive products will be increasingly sold via the net. Major users of B2B solutions are the automotive, retail, energy, and pharmaceutical/ chemical production industries

**Financial Services** – Germans are heavy users of banking and financial sites and increasingly trust online banking services. Most German banks offer online services.

**E-Government** - Germany offers a good number of e-government services but there is considerable scope for improvement. The German federal government plans to put all Internet-capable services of 350 federal agencies online by 2005 ([www.bundonline2005.de](http://www.bundonline2005.de)). The central German government online procurement website e-Vergabe was launched in 2002 ([www.e-vergabe.bund.de](http://www.e-vergabe.bund.de)).

### **Marketing U.S. Agricultural Products**

The Foreign Agricultural Service (FAS), of the U.S. Department of Agriculture (USDA) maintains an Agricultural Affairs Office in the American Embassy in Berlin. Services include trade contacts for German buyers looking for U.S. food and beverage products, market briefs to help U.S. firms enter and compete in the German food market, promotional materials for U.S. foods, a directory of American food suppliers in Europe, information on German food law, and trade show assistance for U.S. suppliers. The Agricultural Affairs Office is also responsible for agricultural trade issues such as reform of farm support, food aid and biotechnology.

Agricultural Affairs Office  
American Embassy/Berlin  
Clayallee 170  
14195 Berlin, Germany  
Tel: [49][30] 8305-1150  
Fax: [49][30] 8431-1935  
Email: [Agberlin@usda.gov](mailto:Agberlin@usda.gov)  
<http://www.usembassy.de/trade/index.htm>

A primary objective of the Agricultural Affairs Office is to facilitate trade in U.S. agricultural products. To meet this goal, they provide the following support and services:

- Trade Leads: Designed for German buyers looking to purchase specific U.S. products. More than 36,000 U.S. firms receive trade leads through this system each week.
- U.S. Supplier Listings: Lists of U.S. suppliers for use by potential German buyers.
- Buyer Alert: Lists of specific products being offered by U.S. exporters.
- German Importers: Lists of German importers, by product sector, for use by U.S. exporters.
- Attache Reports: Market briefs on select commodities such as fish, wine, and forestry products; basic information on exporting agricultural products to Germany; and reports on the retail, and food-processing sector in Germany.
- USA Promotions: Decoration and other promotional materials for use in special USA promotions.
- Trade Shows: Information on key trade shows being held in Germany. Also, coordinate special USA pavilions at certain food shows in Germany, and organize and recruit German buyers for U.S. food and agricultural trade shows.
- American Food Directory: Extensive listings of U.S. food and beverage products imported and available for sale in Germany. (<http://www.american-foods.org/>)
- The Agricultural Affairs office also works closely with numerous U.S. agricultural trade associations and U.S. firms conducting programs designed to boost foreign demand for U.S. agricultural products.

## 5: LEADING INDUSTRY SECTORS FOR U.S. EXPORTS AND INVESTMENT

(All figures are USD million; exchange rate used: USD 1 equals EUR1; (e) = estimated)

(Also: please note that U.S. export figures below may include all products sold as well as transshipped through Germany; figures may also represent estimates of trade association and trade specialists for that sector and not necessarily official levels)

- 1 Computer Software
- 2 Computer Services
- 3 Computer & Peripheral Equipment
- 4 Drugs & Pharmaceuticals
- 5 Medical Equipment
- 6 Management Consulting Services
- 7 Electronic Components
- 8 Industrial Chemicals
- 9 Automotive Parts and Services
- 10 Franchising
- 11 Telecommunications Equipment
- 12 Air Conditioning and Refrigeration
- 13 Sporting Goods
- 14 Travel & Tourism
- 15 Biotechnology
- 16 Scientific and Lab Instruments
- 17 Electronic Industry Production and Test Equipment

1	Computer Software	CSF		
For the first time in years, the German software market stagnated. This decline is attributed to the global economic weakness. The market is anticipated to slightly pick up again before the end of 2004. Driving factors for future growth are expected to be: Demand for security software, strong investments in Integrated Enterprise Applications to streamline back-and front-office operations, increasing investments in enterprise applications and e-business applications, primarily from SMEs. Contrary to previous forecasts, demand for CRM and SCM software declined significantly. Analysts estimate that approximately 80 percent of software products sold in Germany are imported, mainly from the United States. U.S. products still enjoy a good reputation for state-of-the art products. The majority of the large U.S. software developers have subsidiaries in Germany. There are no trade barriers obstructing sales of U.S. software. Industry-specific and niche products will continue to find good sales opportunities in Germany. However, as the European Union continues to expand as a single market, U.S. vendors will also meet growing competition from other European software vendors in the German software market.				
		2001	2002	2003 (e)
A)	Total market size	15,217	15,099	15,061
B)	Total local production	10,912	11,000	10,967
C)	Total exports	5,952	6,000	5,982
D)	Total imports	10,257	10,099	10,076
E)	Imports from the U.S. *	8,014	8,079	8,054

\*) Please note: Import figures shown in this table also reflect the software sales of German subsidiaries of U.S. firms. There are no reliable direct import figures for software sales from the U.S. available, since software sales over the Internet cannot be traced.

2	Computer Services	CSV
<p>In 2002, the market for IT services declined for the very first time ever. This decline is attributed to an overall weak economy. According to analysts, the sub-sector operations management services showed some growth, which, however, did not fully compensate for the decline in IT-consulting and implementation. The market is anticipated to grow in the 2 to 4 percent range in the near future. The major factor driving this growth is an increasing trend towards outsourcing. In addition, there is an increasing demand for security and e-business project services. Most large U.S. IT services providers have facilities in Germany, and, for official statistical purposes, are counted as local firms. Approximately 60 percent of the overall IT-services sales are attributed to German subsidiaries of U.S. firms. While competition from local companies exists, U.S. firms are often perceived as having more experience in the IT environment and, therefore, have a head start in the business. However, as the European Union continues to expand as a single market, U.S. computer services companies will also meet</p>		

growing competition from other European countries, mainly from the United Kingdom, France and The Netherlands.				
		2001	2002	2003 (e)
A)	Total sales	26,033	25,769	25,578
B)	Sales by local firms	11,235	10,636	11,056
C)	Sales by local firms abroad	4,684	4,638	4,605
D)	Sales by foreign-owned firms	19,482	19,771	19,127
E)	Sales by U.S.-owned firms	15,619	15,953	15,346

3	Computer & Peripheral Equipment	CPT		
U.S. computer products are viewed as innovative products of superior quality and leading edge technology. Despite the current economic slowdown, IDC predicts Germany's IT market will grow at a CAGR of 6.3 percent from 2003 through 2006 to reach USD 96.2 billion. The hardware market will rise at a sluggish CAGR of 3.0 percent, to reach USD 27.4 billion. Germany will account for approximately one quarter of west Europe's IT market in 2005. The United States is expected to retain its 2002 import share of approximately 25 percent at least until 2004. Exports exceed production due to considerable amounts of imported equipment being directly resold abroad or included as value-added equipment in locally manufactured products that are exported.				
		2001	2002	2003 (e)
A)	Total market size	25,500	26,590	26,956
B)	Total local production	9,800	10,190	10,392
C)	Total exports	12,900	13,400	13,534
D)	Total imports	29,400	29,800	30,098
E)	Imports from the U.S.	6,850	7,700	7,670

4	Drugs & Pharmaceuticals	DRG		
<p>Germany is the world's third-largest market for pharmaceuticals, behind the United States and Japan. Expectations for 2003 reflect modest production growth as a result of continued government health reforms. Still, the overall market will grow with 2-digit increases with the rising average life expectancy calling for more and more drugs. Major suppliers to the German market are the United States, France, Switzerland, Italy, the United Kingdom, and Ireland. With approximately 1,100 local suppliers, 59% of which are foreign-owned, the German pharmaceutical market is very competitive and price-oriented. Innovative and improved pharmaceuticals, generic and OTC products present best prospects for U.S. exporters. The "aut idem" substitution provision, in effect as of February 2002, and plans by the German government to open the market of mail order pharmaceuticals and allow for multiple ownership of pharmacies, will further encourage competition. The market is increasingly consumer-driven, with patients' expenditures for non-reimbursable medication valued at roughly EUR 5.2 billion in 2002.</p>				
		2001	2002	2003 (e)
A)	Total market size	20,100	24,440	28,440
B)	Total local production	20,200	21,210	21,640
C)	Total exports	19,200	20,640	22,000
D)	Total imports	19,100	23,870	28,800
E)	Imports from the U.S.	2,015	2,240	2,635

5	Medical Equipment	MED		
The German market for medical devices is estimated at USD 14 billion, approximately 11% of total health expenditures. There are about 1,200 local medical device manufacturers, which produced medical devices valued at roughly USD 8.6 billion in 2002. As a result of health reform efforts and cost-containment measures, local production is expected to increase only moderately, with the total market size estimated to grow little over 2% in the year 2003. Because of a substantive investment backlog estimated at USD 10-15 billion in practices and hospitals, the medical device market is considered a growth market and will continue to provide excellent potential for U.S. suppliers of innovative and price-competitive products. U.S. medical device exporters to Germany hold a 30% market share and will continue to find excellent potential in Germany and other European countries.				
		2001	2002	2003 (e)
A)	Total market size	13,150	13,720	14,000
B)	Total local production	8,300	8,620	9,170
C)	Total exports	7,350	8,160	9,370
D)	Total imports	12,200	13,260	14,200

E)	Imports from the U.S.	3,700	4,080	4,260
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6	Management Consulting Services	MCS		
The sluggish German economy negatively affected the demand for management consulting services in Germany. 2002 saw a market decrease of 4.5 percent compared with 2001 to EUR 12.2 billion. In 2003, the market is expected to stagnate. Whereas the demand for traditional consulting services grew 11.3 percent and consulting services for organizational development also grew slightly, IT consulting (-20.1 percent) and personnel management consulting (- 15.0 percent) recorded drastic declines. Strategic planning also suffered losses. The top-40 management consulting companies holding a total market share of almost 50 % (2001: 50%) recorded a sales decrease of – 4.2%, medium-sized companies (market share 2002: 34 %) reported losses of – 4.7% on average. Small consulting firms (market share 2002: 16%) reported an average loss of - 4.8%.				
		2001	2002	2003 (e)
A)	Total sales	12,820	12,200	12,200
B)	Sales by local firms	6,510	6,110	6,110
C)	Sales by local firms abroad	N/A	N/A	N/A
D)	Sales by foreign-owned firms	6,310	6,090	6,090
E)	Sales by U.S.-owned firms	5,110	4,890	4,890

7	Electronic Components	ELC		
The negative market growth for electronic components in the previous two years will be followed by a positive growth of 8.6% to USD17.5 billion in 2003. Industry sources predict the German ELC market to continue this upward trend within all buyer segments. The German ELC industry has been able to retain its share of 6% of the world market while increasing its European market share to 31%. The active components market valued at USD10.6 billion in 2002, accounts for over 60% of the total ELC market in Germany. Passive components make up just under 10% of the market with USD 1.3 billion in sales. The market for electromechanical components (switches, plug connectors, printed circuits) is valued at USD 2.6 billion, 16% of the total market. Electronic sub-assemblies accounted for USD 21.71 million in sales, a total market share of 3.5%. Prime end-user sectors for electronic components in 2002 were the automotive industry (31.4%), the telecommunications (23.6%), data processing (21.6%), and industrial electronics (17.7.%). Future market expansion in Germany will be spurred by growth in automotive electronics (7.4%) and telecommunications (6.0%).				
		2001	2002	2003 (e)
A)	Total market size	18,460	16,113	17,502
B)	Total local production	17,294	16,091	17,097
C)	Total exports	16,884	15,866	16,500
D)	Total imports	18,050	15,888	16,905
E)	Imports from the U.S.	2,730	2,220	2,540

8	Industrial Chemicals	ICH		
Germany is the largest chemical market in the EU accounting for 26 percent of the EU's total chemical market. Over the past few months, the German chemical market suffered from the difficult global economic climate showing signs of stagnation. However, German imports from the United States in 2002 over 2001 increased in the following sub-sectors: colors and pigments (7.7 percent), pharmaceutical specialties (7.6 percent); glues (3.5 percent) and agricultural chemicals (mainly pesticides).				
		2001	2002	2003 (e)
A)	Total market size	76,800	80,700	83,500
B)	Total local production	100,100	102,200	104,000
C)	Total exports	79,100	76,800	76,000
D)	Total imports	55,800	55,300	55,500
E)	Imports from the U.S.	5,700	5,400	5,500

9	Automotive Parts and Services	APS
In 2002, exports of German-manufactured vehicles to the U.S. increased by over 8%, while in Germany automobile sales fell. As the stronger Euro crimped profits on exports to the U.S., German manufacturers came under pressure to compensate by increasing their sourcing of U.S. parts and systems, priced more competitively. Over the last years, many automobile dealers/workshops have gone out of business, or have merged, resulting in a drop in sales of traditional		

automotive workshop equipment. In the tuning sector, U.S. manufacturers are also under pressure, as German automobile manufacturers push sales of tuned and customized vehicles made in-house. Still, with all competitive aspects, German car manufacturers should remain preferential targets for U.S. suppliers of automotive parts and services.

		2001	2002	2003 (e)
A)	Total market size	34,976	34,801	35,149
B)	Total local production	41,860	41,608	42,024
C)	Total exports	16,744	16,660	16,826
D)	Total imports	9,860	9,853	9,951
E)	Imports from the U.S.	1,711	1,796	1,885

<b>10</b>	<b>Franchising</b>	<b>FRA</b>
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Germany is a mature franchise market in which local entrepreneurs have developed sophisticated concepts. At the end of 2002, there were 760 franchise systems represented by almost 41,200 franchisees. Compared to 2001, 1.3% more franchisers and 9.0% more units reflect a satisfying industry growth. In 2002, 47 American franchisers held a 10.4% share of the USD 23.9 billion franchise market. A high concentration of franchising chains in Germany can be found in the service sector (45%), trade (37%), building and handcraft (8%), and gastronomy (10). Industry sources expect best prospects to be in the areas of training and educational services; express delivery services (all types); theme bistros/restaurants; office management, accounting and tax services; maintenance, cleaning and sanitation services; advertising; telecommunication products and services; energy saving products and services; retail stores (specialized); home care services; environmental services. U.S. franchisers must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects and adjust their concepts to German business practices and consumer tastes.

		2001	2002	2003 (e)
A)	Total sales	22,700	23,850	23,715
B)	Sales by local firms	18,422	19,486	19,342
C)	Sales by local firms abroad	342	406	557
D)	Sales by foreign-owned firms	4,620	4,770	4,930
E)	Sales by U.S.-owned firms	2,383	2,483	2,532

<b>11</b>	<b>Telecommunications Equipment</b>	<b>TEL</b>
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Despite the current turmoil and stagnation in the industry, the telecommunications industry is still widely regarded as one of the driving forces behind potential economic growth in Germany. Whether in the areas of multi-media, mobile communications, or the Internet, telecommunications is the key to unlocking German potential for future economic development. Germany has not only been one of the fastest growing markets for mobile equipment - there are more mobile than fixed-line subscribers - but is also very well prepared for any future technology in the telecommunications sector. Thousands of miles of high quality fiber optical cable make the country ready for the application of the future. The United States is Germany's most important import source for telecommunications equipment.

		2001	2002	2003 (e)
A)	Total market size	14,500	14,500	14,500
B)	Total local production	15,500	15,500	15,500
C)	Total exports	8,000	8,000	8,000
D)	Total imports	7,000	7,000	7,000
E)	Imports from the U.S.	1,300	1,300	1,300

<b>12</b>	<b>Air Conditioning and Refrigeration</b>	<b>ACR</b>
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The German market for air conditioning and refrigeration is the largest in Europe. However, the industry suffered significantly from the economic stagnation. Only a slight growth in the 2 percent range was achieved. This trend is expected to continue throughout 2003. Positive forecasts have been made for 2004, when stricter environmental regulations regarding the use of refrigerants, and increasing focus on energy savings and increasing concerns regarding health and productivity at workspace may be driving growth. These factors require modernization or replacement of old equipment and stimulate the implementation of air conditioning equipment in cars, offices, commercial rooms and even private homes, which considerably increases the sales of car air conditioning systems and split/multi split air conditioning equipment. In general, imports from the United States to Germany are favorable, since there are no quotas or other import restrictions. However, the United States face strong competition from EU countries and the Far East, especially in the mobile air conditioning area.

		2001	2002	2003 (e)
A)	Total market size	8,338	8,504	8,674

B)	Total local production	8,841	9,017	9,197
C)	Total exports	5,229	5,333	5,439
D)	Total imports	4,726	4,820	4,916
E)	Imports from the U.S.	580	590	610

13	Sporting Goods	SPT		
Germany is Europe's largest sporting goods equipment market and a very sport minded country. There are no fewer than 86,000 clubs, with nearly 26 million members, associated with the "Deutscher Sportbund" (German Sports Federation). It is through the programs of these clubs, rather than school programs as in the USA, that the nation's elite athletes rise to the top. Excellent opportunities exist for U.S. firms in the German sporting goods market. American sporting goods products, especially those that are "Made in the USA", continue to set trends and enjoy great popularity in Germany.				
		2001	2002	2003 (e)
A)	Total market size	8,200	8,250	8,310
B)	Total local production	6,250	6,300	6,310
C)	Total exports	1,650	1,700	1,690
D)	Total imports	3,600	3,650	3,690
E)	Imports from the U.S.	670	675	680

14	Travel & Tourism	TRA		
Travel to the United States from Germany is believed to remain stable, mostly due to the strong Euro and exciting packaging and creative promotional activities of German tour operators and U.S. industry partners. In 2002, 1,190,000 Germans visited the United States. Germany ranked third behind the UK and Japan for overseas visitors to the United States in 2002 and for January to April 2003 has surpassed Japan to become the second largest overseas market for visitors to the United States (316,998 visitors from Jan.-Apr. 2003). Bookings from Germany to the United States are down only 2% from 2002 whereas worldwide bookings from Germany were down 16% during the same period. According to the German Travel Barometer, bookings for the second quarter will remain stable and in the third quarter will increase slightly. The strong Euro will continue to positively influence bookings to the United States in 2003 and 2004 as will the planned umbrella marketing campaign funded by the U.S. Department of Commerce's USD 50 million appropriation to international tourism marketing.				
		2001	2002 (e)	2003 (e)
A)	Total sales (expenditure by German tourists abroad)	51,600	50,500	49,400
B)	Sales by local firms	48,246	47,217	46,189
C)	Sales by local firms abroad	n/a	n/a	n/a
D)	Sales by foreign-owned firms	3,354	3,283	3,211
E)	U.S. expenditure by German tourists	2,965	2,698	2,617

15	Biotechnology	BTC		
Biotechnology is widely seen as the industry that may be the first one to overcome stagnation. The German incubator model of matching private capital with state funding, however, which once put Germany into the "pole-position" for the leading biotech center in Europe, is stalling. While annual sales of the biotech industry worldwide have moderately increased by 2 percent in 2002, sales in Germany have decreased by 3 percent. The number of firms dropped by 2 percent to 360, still representing the largest number in Europe. Germany's current climate yields a high potential for in-licensing German start-up technology, biotech-to-biotech consolidations and out-licensing to Germany's big pharmaceutical industry. Product companies in the field of cardio-, cancer- and neuro-therapeutics are expected to perform best on the German market as no German biotech products have yet been introduced. The difficulty in classifying biotech products as such and the plethora of institutions only partially or remotely engaged in biotech work contribute to the difficulty in producing precise statistics for the field. The most accurate figure available for the assessment of the current state of the market is the annual sales.				
		2001	2002	2003 (e)
A)	Total sales related to Biotechnology (incl. the estimated sales of the biotech segments of big pharmaceutical companies)	19,780	21,100	22,490
B)	Total sales of German core biotech companies	1,045	1,014	1,020

16	Scientific & Laboratory Instrumentation (S&LI)	LAB
The market for scientific and laboratory instruments is supported by growth in the pharmaceutical, food processing and biotechnology industries. S&LI usage is rising rapidly in many areas, including pollution monitoring and industrial quality		

control. In addition, private testing laboratories, offering drug analysis, constitute a growing market. On-line analytical instruments are penetrating the traditional process control market, as customers require faster and more accurate data to improve control of product processes for better quality and less waste. Due to the strong export orientation of the industry – 60 percent of the annual production output is exported - the industry depends much on imported technologies preferably from the U.S. With an import market share of 47 percent, the United States is by far the No.1 foreign supplier of S&LI to Germany. Best sales prospects for U.S. suppliers include laser and opto-electronic instrumentation, laboratory automation and information systems (LIMS), and the broad spectrum of chromatographic and spectroscopic technologies.

		2001	2002	2003 (e)
A)	Total market size	3,610	3,826	4,020
B)	Total local production	4,190	4,570	4,822
C)	Total exports	2,170	2,300	2,412
D)	Total imports	1,590	1,530	1,610
E)	Imports from the U.S.	541	700	710

17	Electronic Industry Production & Test Equipment	EIP		
After a steep downturn over the last 2 years, a recovery of the electronic production and test equipment market is expected for the third quarter of 2003. Compared with 2002, a slight growth rate (1-3 percent) is expected. This growth is expected to be driven by an increase in mobile communications (new device features like integrated cameras increase the sales rate of cell phones), military sector (electronics devices for terror defense), and automotive industry (increasing share of electronics). The growing distribution of flash memory chips is also expected to stimulate the semiconductor business. The test equipment sector is expected to be the focus of large investments as companies try to innovate their way out of the present economic stagnation.				
		2001	2002	2003 (e)
A)	Total market size	3,756	3,055	3,116
B)	Total local production	6,484	5,704	5,818
C)	Total exports	5,905	5,208	5,312
D)	Total imports	3,177	2,559	2,610
E)	Imports from the U.S.	867	585	602

## BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

(All figures are in metric tons, unless otherwise stated. Exchange rate as of June 26, 2003:: USD 1 = EUR 0.8757)

- 1: Tree Nuts
- 2: Pet Food
- 3: Wine
- 4: Rice
- 5: Edible Sunflower Seeds
- 6: Fishery Products

1	Tree Nuts	HTP		
The category of tree nuts includes pistachios, almonds, pecans, hazelnuts and walnuts. Germany does not produce significant quantities of these nuts; therefore supply is met virtually entirely by imports. Germany is the largest export market for U.S. almonds. A number of U.S. associations actively promote their products in Germany, including the Almond Board of California, California Pistachio Commission and the California Walnut Commission. The leading competitor for the United States in the German tree nut market is Turkey. In 2002, U.S. total exports of tree nuts to Germany were valued at USD 171 million, out of a total import value of USD 519 million.				
		2001	2002	2003 (e)
		MT	MT	MT
A) Total market		170,500	160,300	168,000
B) Production		*	*	*
C) Total exports		24,500	21,900	20,000
D) Total imports		195,000	182,200	188,000
E) Imports from the U.S.		58,000	62,400	58,000

2:	Pet Food	G&FD		
Germany is one of the leading countries for pet ownership in the world. Even though the majority of pet foods are produced domestically (the market leader is a U.S. firm), interest in specialty, healthy foods for pets is growing rapidly. German pet owners are willing to pay premiums to properly feed their pets. In 2002, U.S. total exports of pet food to Germany were valued at USD80 million, out of a total import value of USD1.048 billion.				
		2001	2002	2003 (e)
		USD million	USD million	USD million
A) Total market		2,332	2,495	2,750
B) Production		2,154	2,324	2,400
C) Total exports		818	877	900
D) Total imports		996	1,048	1,250
E) Imports from the U.S.		62	80	80

3:	Wine	HTP		
Germany is the world's largest importer of wine, with imports totaling 12.6 million hectoliters in 2002, valued at USD 1.71 billion. The import figure represents marginally more than 50 percent of total German wine consumption. Italy, France and Spain are the leading suppliers of wine to Germany, with a combined import market share of nearly 80 percent. U.S. wines together with other 'new-world' wines have developed an increasingly good reputation for quality in the German market. In the past five years the value of Germany's imports of U.S. wines has grown to USD 62.4 million in 2002.				
		2001	2002	2003 (e)
		hl	hl	hl
A) Total market		18,264	19,752	19,400
B) Production		8,891	9,885	9,800
C) Total exports		2,621	2,705	2,700
D) Total imports		11,994	12,572	12,300
E) Imports from the U.S.		251	304	300

4:	Rice	GFD		
Germany does not produce rice. Thus supply is met exclusively by imports. U.S. shipments of rice to Germany were valued USD 27.9 million in 2002. Market trends indicate that Asian fragrant rice varieties are noticeably gaining market share, which is particularly at the disadvantage of U.S. long grain indica rice shipments to Europe.				
		2001	2002	2003 (e)
		MT	MT	MT
A) Total market		209,921	209,931	210,000
B) Production		*	*	*
C) Total exports		53,213	60,830	60,000
D) Total imports		263,134	270,761	270,000
E) Imports from the U.S.		60,376	68,992	70,000

5:	Edible Sunflower Seeds for Confectionery Uses	COTS		
Germany is the largest market for U.S. exports of edible sunflower seed, accounting for almost 50 percent of total U.S. exports. While some German farmers continue to grow edible sunflower seed under contract, on the whole, local farmers have not been pleased with crop yields. Marketing efforts on the part of the U.S. National Sunflower Association are expected to assist in the expansion of U.S. exports to this market. In 2002, U.S. total exports of confectionery sunflowers to Germany were valued at USD 29 million, out of a total import value of USD 65 million.				
		2001	2002	2003 (e)
		MT	MT	MT
A) Total market		100,342	125,853	95,800
B) Production		5,000	5,000	5,000
C) Total exports		4,303	6,530	5,200
D) Total imports		99,645	127,383	96,000
E) Imports from the U.S.		31,763	35,679	27,000



6:	Fishery Products			
Fish and fishery products enjoy growing popularity in Germany. The two most important fishery products the U.S. exports to Germany are lobster and frozen Alaska Pollock. Shipments of the latter increased significantly after a major Germany fish processor decided to source only groundfish that was frozen on the trawler directly after catch. In 2002, U.S. total exports of fishery products to Germany were valued at USD140 million, out of a total import value of USD2.2 billion..				
		2001	2002	2003 (e)
		MT	MT	MT
A) Total market		873,765	854,878	865,000
B) Production		423,833	410,000	415,000
C) Total exports		358,181	342,524	310,000
D) Total imports		808,113	787,402	760,000
E) Imports from the U.S.		32,152	60,438	55,000

## 6: TRADE REGULATIONS, CUSTOMS AND STANDARDS

### OVERVIEW

Germany's regulations and bureaucratic procedures can be a difficult hurdle for companies wishing to enter the market, requiring close attention by U.S. exporters. Complex safety standards, not normally discriminatory but sometimes zealously applied, complicate access to the market for many U.S. products. U.S. suppliers are well advised to do their homework thoroughly and make sure they know precisely which standards apply to their product, and that they obtain timely testing and certification.

The European Union's (EU) attempts to harmonize the various product safety requirements and related standards for industrial products of its member states, which most manufacturers believe has generally helped open 15 member state markets, did not get entirely rid of voluntary national requirements, a fact which complicates the issue. Theoretically, during a transition period national requirements must be met. (After the transition period, the Europe-wide "CE" mark supersedes all other compliance certificates, provided the products in question are covered by an EU-directive.) The EU's efforts to harmonize standards through the "New Approach" certification-facilitating directives (and separately developed European standards) are incomplete as far as sectors covered. In some cases, U.S. firms, e.g., in the automotive or pharmaceutical sectors, will have to worry about complying with the specific requirements of all applicable "Old Approach" product-specific EU technical legislation.

This is doubly important because, to the extent EU-wide standards are developed, there is a high probability that the existing German standard will form the basis for the eventual European standard. In many cases, Germany will also be the first European country to implement EU-wide standards. The implementation of electromagnetic compatibility standards (EMC), despite a five-year phase-in period, surprised many affected companies - not only foreign but also German - with the result that accredited test laboratories are booked for months and market introduction for some products is delayed considerably.

German buyers may require additional performance or quality marks, which are not necessarily legally required, but greatly enhance a product's chances to be marketed. Both EU requirements and the standards for a German quality or performance mark will, in many cases, require a product to be modified. Even if the product does not require modification, it will require testing and certification before it can be marketed. Important marks are the "Gepruefte Sicherheit" (GS) mark for mechanical products, and the "Verband Deutscher Elektrotechniker" (VDE) mark for electrical components. It should be emphasized that neither the "GS" license nor the "VDE" license are mandatory for products sold in Germany. The only exception is for products for use in certain work place applications, where either of these marks is required to meet insurance eligibility requirements.

The German organization that compiles the standards laying down the requirements for a "GS" mark is the "Deutscher Industrie Normenausschuss - DIN" (German Standards Institute). One of the organizations responsible for testing (in order to obtain the GS and VDE marks) is the "Technischer Ueberwachungsverein e.V. - TUV," (Technical Inspection Association).

Although the "VDE" license deals with electrical products, instead of mechanical products, the same process of certification can be followed. A company can obtain "VDE" literature from the VDE publisher (VDE Verlag, GmbH), or directly from the VDE association (for contact information please see below).

The process for "VDE" certification is the same as that of the "GS" mark. TUVs are private companies set up by various German states to inspect and test products for compliance with German safety standards. Individual TUVs have also been

authorized by the German Government to test products for compliance with EU legislation, and many have established representative offices in the United States.

Firms interested in certification should contact a U.S.-based test laboratory or a Conformity Assessment Body (see: <http://ts.nist.gov/ts/htdocs/210/gsig/emc-cabs-mar02.pdf>).

#### Self-Certification

For certain products, self-certification by manufacturers (through a Manufacturer's Declaration of Conformity) is sufficient. Further information is available from the contacts listed at the end of this chapter (see also [www.buyusa.gov/europeanunion](http://www.buyusa.gov/europeanunion)).

#### **Effect Of EU Harmonization On The "GS" And "VDE" Marks:**

The effect of EU harmonization on the "GS" and "VDE" mark is difficult to analyze. It is estimated that about 75 percent of all American products sold in the EU must have the "CE" mark once all directives have been passed and all transition periods have expired. For products subject to CE marking "CE" mark is mandatory; the mark allows the product to be marketed in all the EU member states. National certificates such as the "GS" and the "VDE" marks, may not be legally required, but enhance marketing chances. German consumers look for these marks in much the same way as Americans look for the "UL" mark.

Currently, over 20 of the 22 proposed and planned EU directives have been adopted: low voltage/ electrical safety, toys, simple pressure vessels, construction products, electro-magnetic compatibility, gas appliances, personal protective equipment, machinery, medical devices, non-automatic weighing machines, type approval of telecommunications terminal equipment, medical devices, hot water boilers, lifts and recreational crafts. For products where there is not yet a EU directive, national standards, even if they are voluntary, should be adhered to in order to ensure marketability of a product.

Who has the authority to actually affix the "CE" mark? For many products, the mark may be affixed by the manufacturer, based on his or her own testing to verify that the product meets EU requirements. However, EU legislation may require that an independent third party be involved in product assessment.

Who is qualified to be this third party? The EU accredits so-called "notified bodies", i.e. testing or certification agencies. In addition to TUV, there are many other notified bodies in Germany. The complete list can be found on: <http://europa.eu.int/comm/enterprise/newapproach/legislation/nb/notified-bodies.htm>.

#### **Contact Information For EU "CE" Standards Certification And Standards:**

Ms. Suzanne R. Sene, Standards Attache  
Ms. Sylvia Mohr, Standards Specialist  
U.S. Mission to the EU (USEU)  
Commercial Service  
27 Blvd. du Regent  
B-1000 Brussels, Belgium  
Telephone: [32] [2] 508 2746  
Telefax:[32] [2] 513 1228

Mr. Robert Straetz  
Office of European Union and Regional Affairs  
Room H-3036  
International Trade Administration  
U.S. Department of Commerce  
Washington, D.C. 20230  
Telephone: (202) 482-4496  
Telefax:(202) 482-2155

#### **U.S. Contacts For Foreign Standards Information:**

Ms. Carmina Londono  
National Center for Foreign Standards Information  
National Institute of Standards and Technology  
TRF Room A163  
Gaithersburg, MD 20899  
Telephone: (301) 975-4040  
Telefax:(301) 975-2128

American National Standards Institute  
1819 L Street NW  
Washington D.C. 20036  
Telephone: (202) 293 8020  
Telefax: (202) 293 9287

### **Value Added Tax/Turnover Tax**

In common usage, value-added tax (VAT) and turnover tax are regarded as being identical. All imports and deliveries of goods to or in Germany are subject to VAT, as are services deemed to have been rendered within the country. The tax liability rests on the German business providing service or products or on the importer or buyer of goods or services from abroad. The tax levied on the business is invoiced to customers, who may deduct it from their own liability. The ultimate burden is therefore on the final consumer, who, not being a business, does not file VAT claims and therefore has no rights of deduction. The basic VAT rate is 16 percent. A reduced rate of 7 percent is levied on certain specified items, such as food, books and other publications. The full amount of the VAT should be listed separately on invoices. For invoices up to EUR 100 (USD 100) it is sufficient to indicate only the percentage of the tax rate. Invoices amounting to higher sums must list the payable tax separately. In order to fulfill turnover tax liabilities, all revenues must be listed separately on a pre-payment form of the local tax office. It is important, however, to collect and present all invoices as originals in order to deduct the VAT charged from one's own tax liability or to get reimbursed by the German Ministry of Finance.

### **VAT Applicable to Online Sales**

The European Union's (EU) fifteen member states have reached unanimous agreement on new rules that are set to change the way that Value Added Tax (VAT) is applied to sales of digital products and services over the Internet. The current system allows U.S.-based suppliers to sell things like down-loadable software to EU final consumers without charging VAT; the proposed changes would require charging VAT. From July 1, 2003, U.S.-based companies selling and delivering services on line to EU customers will have to register for VAT purposes with one Member State. They must collect the tax on all sales at the rate applicable in the consumer's country, submit quarterly VAT returns, and remit all VAT revenues to the Member State of registration.

### **Custom Regulations/Tariffs**

Information on customs regulations and tariffs is available from German customs offices, and can differ considerably depending on the products. Please contact the Commercial Service (for contact information, please see Chapter 11).

## **AGRICULTURAL PRODUCTS**

**Beef:** For more than ten years, the EU has banned imports of beef from cattle raised with hormonal growth promoters, cutting off U.S. beef exports to the EU. In 1997, a WTO panel found the EU ban on growth promotants to be inconsistent with the principles of the SPS Agreement. Despite this ruling, the EU maintains a ban against these hormones. Although the EU grants market access for annual imports of up to 11,500 MT of beef from the United States and Canada under its high-quality beef (HQB) quota at a duty of 20 percent, very little U.S. beef is shipped to the EU. All beef export from the U.S. to the EU must be from cattle participating in the non-hormone treated cattle program and must be slaughtered in a slaughterhouse that has been approved by the EU in order to meet EU food safety requirements.

**Poultry:** As a result of EU requirements adopted in April 1997, U.S. authorities could not sign export certificates, which would comply with these requirements. U.S. Poultry exports to the EU have been blocked as of that date, representing a loss of \$50 million annually to U.S. poultry exporters. The EU continues in its refusal to accept the United States' antimicrobial treatments in poultry production to prevent transmission of bacteria such as salmonella. For more information on U.S. poultry exports to the EU go to <http://www.useu.be/agri/Pltryexp.html>

**Pork:** Selected market opportunities exist in Germany for imports of pork. The EU has a tariff-rate quota for pork totaling 66,500 MT, including a 39,000 MT allocation for tenderloins, boneless loins and boneless hams. All pork products must originate in establishments that are approved for export to the EU, and have proper certification that the pork was produced without hormonal growth promotants.

**Dairy Products:** The veterinary agreement allows for the resumption of U.S. dairy product exports to Germany, which had been banned for more than one year. Under the Uruguay Round Agreement, the variable levy on dairy products has been replaced by a fixed tariff equivalent.

**Animal By-Products Legislation:** In October 2002, the European Commission approved legislation that will require animal by-products not intended for human consumption, including blood products, hides and pet food, be derived from the carcasses of animals fit for human consumption. This regulation could negatively impact U.S. exports of animal by-products not intended for human consumption to the European Union valued \$525 million in CY 2000. The legislation prohibits the use of any rendered protein which was obtained from animal carcasses that were unfit for human consumption as an animal feed ingredient or for pet food. For example, fallen stock will not be permitted in feed. The regulation was scheduled to go into effect on May 1, 2003 but has been delayed. More information is available at <http://www.useu.be/agri/by-products.html> For more information on the certification of animal products (beef, pork, dairy, embryos and semen) and for a listing of plants which are EU certified go to <http://www.useu.be/agri/certification.html>

**Plant Health:** Plant health regulations in the fifteen European Union Member States have been harmonized as of June 1, 1993. Phytosanitary certificates, issued by APHIS, have to accompany fruit, vegetable and nut shipments to the EU. For more information go to <http://www.useu.be/agri/plantcertif.html>

**Horticultural Products:** Germany is an important market for United States horticultural products. Principal products include almonds, grapefruit, raisins, prunes and walnuts. Horticultural products entering Germany face a number of border restrictions. In addition to considerable tariffs that vary by product, imports of selected produce (tomatoes, cucumber, artichokes, zucchini squash, citrus, table grapes, apples, pears, apricots, cherries, peaches, nectarines and plums) are subject to an entry price system. Under such a system, imports that have a price at or above the respective entry price are assessed only the appropriate ad valorem duty. Imports, which have a price below, but within a certain range of the entry price are assessed the ad valorem duty plus a specific duty that is the difference between the import price and the entry price. "Within a certain range" generally means within eight percent of the entry price. Imports having a price more than eight percent below the entry price are assessed the ad valorem duty plus a very large specific duty (known as the tariff equivalent) which generally takes the cost of the product (import price plus duties) far above the entry price.

**Organic Products:** There is a large and growing market within Germany for certified organic products. While organic standards have been set at the EU level, implementation and enforcement of the regulation is the responsibility of the individual member states. This member state responsibility also extends to imports of organic products. In order to import U.S. organic products, EU importers must work through their designated member state authority to obtain an import authorization. These authorizations are granted on a case-by-case basis, subject to the member state's review. More information is available at <http://www.useu.be/agri/organic.html>

**Consumer-Ready Products:** Changing lifestyles have fueled a sharp rise in the consumption of processed, snack and other consumer-ready foods in Germany. Germany's imports of these products are large, mostly from neighboring EU member countries. However, U.S.-style snack and processed foods are viewed favorably in Germany, particularly by the younger generation and German imports of U.S. processed food products have nearly doubled since the early 1990s.

Despite improving access as part of the Uruguay Round, many U.S. agricultural products still face tariff rate quotas and high tariffs entering the EU. Particularly high tariffs are assessed on EU imports from the United States of consumer-oriented products such as animal-based products, fruit and fruit-based products, and processed food products containing added sugar, flour starch or milk. Considerable controversy exists also in Germany (Europe) surrounding the use of bioengineering in the food sector, including whether certain of these products can be marketed in the EU and how they may (or may not) be labeled. For more information please refer to the attaché report on Germany's retail food sector which is available on the FAS website at <http://www.fas.usda.gov/scripts/attacherep/default.asp>

**Packaging Disposal:** With the tremendous growth of waste and increasing disposal problems, Germany has established legislation, which contains certain rules for the disposal of packaging materials. In response to this legislation, a cooperative effort for the collection and recycling of packaging materials was initiated. The organization involved is called the "Duales System Deutschland," and it administers the use of the "Green Dot," a recycling symbol that is found on the packaging material of virtually all products sold in Germany. While packaging materials for products sold in Germany are not legally required to carry the Green Dot, it is almost impossible to market a product in Germany without it. Typically, the importer pays a license fee to the user of the Green Dot, dependent on the type and amount of packaging, and provides the exporter with the information necessary. In 2003, German retailers also implemented a deposit for disposable or "one-way" drink packages, i.e., carbonated drinks and beer cans. Since the requested deposit is about three times as high as that requested for returnable beer bottles, many retailers have either stopped carrying one-way drink packages with deposit or reduced the sales of such products.

#### **U.S. Agricultural Commodity Associations Active in Germany**

A number of U.S. agricultural commodity and other trade associations conduct market development programs in Germany. In some cases, these associations maintain staffed field offices in Germany, others may have a trade representative or public

relations company representing their interests, and others may cover Germany from other European offices or from offices in the United States. A portion of the funding for the market development programs of these associations is provided by the USDA-operated Market Access Program (MAP) and Foreign Market Development program (FMD). If you would like more information about the MAP and FMD program or would like to know more about which associations are active in Germany please contact the Office of Agricultural Affairs at the U.S. Embassy in Berlin (see first section for phone, address and e-mail).

## **7: INVESTMENT CLIMATE STATEMENT**

### **Openness to Foreign Investment**

The German government and industry actively encourage foreign investment in Germany, and German law provides national treatment. Under German law, foreign-owned companies registered in the FRG as a GmbH (limited liability company) or an AG (joint stock company) are treated no differently from German companies. There are no special nationality requirements on directors or shareholders, nor do investors need to register investment intent with any government entity. Foreign companies also generally endure the same or similar investment problems as do domestic firms, such as high marginal income tax rates, inflexible labor laws, and burdensome regulations.

The 1956 U.S.-FRG Treaty of Friendship, Commerce and Navigation affords U.S. investors national treatment and provides for the free movement of capital between the U.S. and Germany. Germany subscribes to the OECD Committee on Investment and Multinational Enterprises' (CIME) National Treatment Instrument and the OECD Code on Capital Movements and Invisible Transactions (CMIT). While Germany's foreign economic law contains a provision permitting restrictions on private direct investment flows in either direction for reasons of foreign policy, foreign exchange, or national security, no such restrictions have been imposed. In such a case, the federal government would first consult with the Bundesbank and the governments of the federal states. Industrial policy considerations and lobbying by business interests have, however, occasionally delayed decision-making on investment in certain areas. There is no broad authority to screen or block foreign direct investment.

### **Conversion and Transfer Policies**

As a result of European Economic and Monetary Union (EMU), the Deutsche Mark (DM) was phased out on January 1, 2002 and replaced by the Euro, which is a freely traded currency with no restrictions on transfer or conversion, and which is now the unit of currency in Germany and eleven other EU countries within the monetary union. There is no difficulty in obtaining foreign exchange. There are also no restrictions on inflows and outflows of funds for remittances of profits or other purposes.

### **Expropriation and Compensation**

German law provides that private property be expropriated for public purposes only, in a non-discriminatory manner, and in accordance with established principles of international law. There is due process and transparency of purpose, and investors and lenders to expropriated entities receive prompt, adequate, and effective compensation.

### **Dispute Settlement**

Investment disputes concerning American or other foreign investors and Germany are rare, but come up from time to time. Germany is a member of the International Center for the Settlement of Investment Disputes (ICSID), as well as a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. German courts are fully available for foreign investors in the event of investment disputes. The government does not interfere in the court system and accepts binding arbitration. For more information on Germany's law on arbitration, reformed in 1997, see [www.internationaladr.com/tc121.htm](http://www.internationaladr.com/tc121.htm).

### **Performance Requirements/Incentives**

There are about 3,000 incentive programs for investors in Germany. These programs exist on various levels: EU, federal and state (Land) level. Classifying the various programs by target area helps to clarify them for investors. Target areas include the promotion of investment, research and development, human resource development and the promotion of the European market. Grants, incentive programs, guarantees and loans are available towards this purpose.

Cash Grants under the Joint Agreement for the Improvement of Regional Economic Structures (Gemeinschaftsaufgabe GA) – improving the structure of regional economies and the economy as a whole is the main objective of the German federal and state governments. The distribution of these subsidies is generally subject to approval by the European Union. Cash grants approved and paid to investors under the Joint Agreement program from 1999 – 2001 totaled EUR 8.6 billion. The new Joint Agreement program for the period 2002 – 2006 has a provisional budget of EUR 8.1 billion for grants in both Eastern and Western Germany.

A comprehensive package of federal and state investment incentives is available to domestic and foreign investors. Germany is in compliance with its WTO TRIMS notification. The government has placed particular emphasis on investment promotion in the New States of former East Germany and offered a large number of incentives to this end. Ongoing efforts to reduce government budget deficits and EU efforts to reduce state aid to industry are putting pressure on these programs. Current programs are secured until the end of 2004 and negotiations are currently in progress with the goal of retaining more favorable terms for investments in the New States than will exist in the western states, albeit on lower level than in previous years. Although the access of EU candidate nations will once again put pressure on national and EU programs from 2006 onwards, the government hopes to be able to compensate any subsequent shortfalls in EU investment programs with national programs in the New States. The incentives currently available include:

***For the eastern German states and eastern Berlin:***

- Tax Incentives: Investment allowances, special depreciation allowance
- Investment Grants: Improvement of Regional Economic Structures Program, grants for research and development, consulting fee and training costs, export, marketing and fair participation assistance
- Credit Programs: Loans with below-market interest rates from the Bank for Reconstruction (KfW) and its offshoot the Mittelstandsbank, the European Recovery Program (ERP), EU programs and loan guarantee and credit programs.

***Programs for all of Germany:***

- Tax Incentives: Special depreciation allowance, capital reserve allowance.
- Investment Grants: Improvement of Regional Economic Structures Program, grants for research and development, consulting fees and training costs.
- Credit Programs: Loans with below-market interest rates from the Equalization Funds Bank, Reconstruction Funds Bank, the European Recovery Program, European Union programs, loan guarantee programs and other programs for small technology firms and environmental demonstration projects.

U.S. and other foreign firms may also participate in government and/or subsidized research and development programs, provided that:

- the company is legally established in Germany;
- the activity is a long-term operation with significant R&D capacities;
- the project engages in sponsored research that is entirely performed in Germany;
- the firm can exploit intellectual property rights independent from a parent company;
- the Federal Ministry of Education, Science, Research and Technology (BMBF) may exploit intellectual property rights from funded research;
- any licensing of technology outside of the EU requires the written approval of BMBF;
- preference is given to locating manufacturing facilities in Germany for any production resulting from the research (this criterion can be modified on a case-by-case basis.)

American business representatives generally indicate that these formal requirements and the administration of the programs by German authorities do not constitute barriers for access to this R&D funding.

Foreign investors can obtain more information on investment conditions and incentives from:

Federal Commissioner for Foreign Investment in Germany

Markgrafenstr. 34

10117 Berlin, Germany

Telephone: [49][30] 206-570

Telefax: [49][30] 206-571-11

Email: [office@fdin.de](mailto:office@fdin.de)

Internet: [www.foreign-direct-investment.de](http://www.foreign-direct-investment.de)

[www.invest-in-germany.de](http://www.invest-in-germany.de)

Federal Commissioner for Foreign Investment in Germany

31 West 52<sup>nd</sup> Street

New York, NY 10019

Telephone: (212) 469-8031

Telefax: (212) 469-2888

Email: [ny-office@fdin.de](mailto:ny-office@fdin.de)

Internet: <http://www.invest-in-germany.de/>



Industrial Investment Council LLC  
Charlottenstrasse 57  
10117 Berlin  
Telephone: [49][30] 2094-5660  
Telefax: [49][30] 2094-5666  
Email: [karnath@iic.de](mailto:karnath@iic.de)  
Internet: [www.iic.de](http://www.iic.de)

Industrial Investment Council LLC  
230 Park Avenue, Suite 539  
New York, NY 10169  
Telephone: (212) 983-3660  
Telefax: (212) 983-3661  
e-mail: [newyork@iic.de](mailto:newyork@iic.de)

### **Right to Private Ownership and Establishment**

Foreign and domestic entities have the right to establish and own business enterprises, engage in all forms of remunerative activity, and to acquire and dispose of interests in business enterprises.

The privatization of state-owned utilities has promoted competition and led to falling prices in some sectors. Following deregulation of the telecommunications sector in 1998, scores of foreign and domestic companies have invested vast sums in that sector. Since then, former state monopolist Deutsche Telekom (DT) has lost more than one third of the long-distance market to competitors, but maintains a 95 percent lock on the "local loop" and 94 percent of DSL broadband connections. The government passed legislation in September 2002 to allow call-by-call and carrier pre-selection in the local loop. Call-by-call was introduced in April 2003, and carrier pre-selection started in July 2003. Foreign investors continue to complain about the continued lack of competition in local telephony (the state owns 43% of DT), which many observers explained in terms of the government's interest in not further harming DT's share price.

Some competition also came to the electricity markets in April 1998, and foreign firms have invested in it, though with great difficulty, owing to the high fees to access incumbents' networks. Natural gas liberalization formally came in August 2000, but competitors have had enormous difficulty gaining access to the incumbents' networks because of cumbersome negotiated access agreements and difficulties in enforcing Cartel Office rulings in a timely manner. Talks on a new negotiated access agreement in the gas sector collapsed in May 2003, and the government has decided in principle to install a regulator for gas and electricity. Over the past year, the positive effects of energy liberalization have largely dissipated, as new entrants have exited the market and prices have begun to creep up.

In other sectors, Lufthansa Airlines has also been privatized, but the EU requirement that EU airlines remain majority-owned by EU entities limits the amount of foreign investment. The government also partially privatized Deutsche Post (DP) in November 2000, but the government decided to extend the DP monopoly in letter delivery until 2007. The Cartel Office, which enjoys an excellent international reputation, as well as other regulatory agencies address problems and settle complaints brought forward by foreign market entrants and bidders.

### **Protection of Property Rights**

The German Government adheres to a policy of national treatment, which considers property owned by foreigners as fully protected under German law. There is almost no discrimination against foreign investment and foreign acquisition, ownership, control or disposal of property or equity interests, with airline ownership being an exception. In Germany, the concept of mortgages is subject to a recognized and reliable security. Secured interests in property, both chattel and real, are recognized and enforced.

Intellectual property is well protected in Germany. Germany is a member of the World Intellectual Property Organization (WIPO). Germany is also a party to the major international intellectual property protection agreements: the Bern Convention for the Protection of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, the Geneva Phonograms Convention, the Patent Cooperation Treaty, the Brussels Satellite Convention, and the Treaty of Rome on Neighboring Rights.

U.S. citizens and firms are generally entitled to national treatment in Germany with only a few exceptions. The federal government's commitment under the intellectual property rights portion (TRIPS) of the GATT Uruguay Round has further reduced concerns about the level of software piracy.

National treatment is also granted to foreign copyright holders, including remuneration for private recordings. Under the TRIPS agreement, the federal government also grants legal protection for practicing U.S. artists against the commercial distribution of unauthorized live recordings in Germany. Foreign and German rights holders have criticized several exceptions to copyright protections in the new Copyright Act, which passed the Parliament in July 2003.

### **Transparency of the Regulatory System**

Germany has transparent and effective laws and policies to promote competition, including anti-trust laws. Recently restrictions to stores holding sales and store opening hours, which had been questioned by some business for actually limiting competition, have been eliminated or relaxed. The German economy is highly regulated, with authority dispersed over the federal, state, and local levels. Many investors consider bureaucracy excessive, which has prompted most state governments to establish investment promotion offices and investment banks to expedite the process. New rules have simplified bureaucratic requirements, but industry must sometimes contend with officials' relative inexperience with deregulation and lingering pro-regulation attitudes.

Taxation of American firms within the FRG is governed by the 1989 "Convention for the Avoidance of Double Taxation with Respect to Taxes on Income." It has been in effect since 1989 (and since January 1, 1991 for the area that comprised the former German Democratic Republic.) With respect to income taxes, both countries agree to grant credit to their respective federal income taxes for taxes paid on profits by enterprises located in each other's territory. The German system is more complex, but there are more similarities than differences between the German and American business tax systems.

American companies can, with effort, generally obtain the resident and spouse work permit visas they need to do business in Germany, but the relevant laws are quite broad and considerable administrative discretion is exercised in their application. A number of U.S. states have not yet concluded reciprocal recognition of driver's licenses agreements with the German government. Licenses from those states are not usable in Germany.

### **Efficient Capital Markets and Portfolio Investment**

Germany has a modern financial market sector but is often considered "over-banked" as evidenced by on-going consolidation and low profit margins. Over the last few years, the banking system has suffered from losses and high costs, giving rise to some concerns. On the other hand, in the framework of the IMF's assessment of the German financial sector in spring 2003, so-called stress tests found that the system is robust. In order to improve their situation, particularly the large private banks launched massive cost cutting programs. Consolidation of the sector is continuing mainly through mergers in the public banking sector.

At the end of 2002, the total assets of 2,365 domestic banks were EUR 6.45 trillion. The 274 reporting commercial banks accounted for 1.8 trillion Euro of this amount. The four largest commercial banks (Deutsche Bank, HVB, Dresdner Bank, and Commerzbank) accounted for nearly 58 percent of total commercial bank assets.

Credit is available at market-determined rates to both domestic and foreign investors and a variety of credit instruments are available. Legal, regulatory and accounting systems are generally transparent and consistent with international banking norms. Germany has a universal banking system that is effectively regulated by federal authorities.

Given the economic downswing, over the last few years, mergers and acquisitions (M&A) have basically decreased in line with global trends. Recently, this development has been even more negative in Germany than elsewhere. However, experts expect that M&A transactions will take up again in the foreseeable future.

In anticipation of this increase, the government introduced legislation to establish an orderly and transparent process for takeovers, while at the same time strengthening protective mechanisms to ward off hostile takeovers. A new proposal for a EU Takeover Directive published in October 2002 was opposed by the German government and by several other member states. The directive would harmonize rules on takeovers, force managers to consult their shareholders in the event of a hostile takeover, and could increase competitiveness. German opponents of the Directive argued that special voting rights enjoyed in some EU countries would have created an uneven playing field and exposed German companies to relatively greater risk of hostile takeover since such special voting rights generally are no longer available in Germany.

In recent years, Germany has also implemented a series of laws to improve its securities trading system, including insider-trading laws and the Fourth Financial Market Promotion Law in 2003. In 2002, a corporate governance code was adopted, which, while voluntary, requires listed companies to "comply or explain" why the code or parts thereof have not been



followed. The code is intended to increase transparency and improve management response to shareholder concerns. Stimulating a number of other changes in its regulatory framework is the EU's Financial Services Action Plan -- an effort intended to create a more integrated European financial market by 2005. In addition, the Finance and Justice Ministries have announced a 10 Point Plan to improve investor protection, including by strengthening provisions regarding (a) the liability of boards of directors for false or misleading statements; and (b) oversight of auditing operations.

### Political Violence

Political acts of violence against either foreign or domestic business enterprises are extremely rare. Isolated cases of violence directed at certain ethnic minorities and asylum seekers have not affected U.S. investments or investors.

### Corruption

Among the industrialized nations, Germany ranks in the middle of the field, according to Transparency International's corruption indices. The construction sector and public contracting in conjunction with undue political party influence represent particular areas of continued concern. Strict anti-corruption laws apply to domestic economic activity. U.S. firms have not identified corruption as an impediment to investment.

The German government has sought to reduce domestic and foreign corruption. For example, Germany in February 1999 ratified the 1998 OECD Anti-Bribery Convention, thereby criminalizing bribery of foreign public officials by German citizens and firms abroad. Tax reform legislation that became law in March 1999 ended the tax write-off of bribes in Germany and abroad. Germany has increased penalties for bribery of German officials, for corrupt practices between companies, and for price-fixing by companies competing for public contracts. It has also strengthened anti-corruption provisions applying to support extended by the official export credit agency and tightened the rules for public tenders. Most state governments have contact points for whistle blowing and provisions for rotating personnel in areas prone to corruption. Government officials are forbidden from accepting gifts linked to their jobs.

Opinions, however, differ on the effect these steps will have in practice. German industry opposes creation of a central, national-level register of corrupt companies that would be barred from bidding for public contracts. Draft legislation to create such a register failed passage last year in parliament. Nevertheless, some individual states maintain their own registers and the legislation will likely be reintroduced on the federal level. The German government has successfully prosecuted hundreds of domestic corruption cases over the years; numbers have risen significantly in the last two years. However, there have been no prosecutions involving the bribery of foreign government officials since the 1999 changes in German law.

### Bilateral Investment Treaties

Germany has treaties in force with 119 countries and territories. Of these, eight are covered by treaties with predecessor states (Czechoslovak SFR, Soviet Union, Yugoslavia [SFRY]). These are: Albania; Algeria; Antigua and Barbuda; Argentina; Armenia; Azerbaijan, Bangladesh; Barbados; Belarus; Benin; Bolivia; Bosnia and Herzegovina\*; Bulgaria; Burundi; Cambodia; Cameroon; Cape Verde; Central African Republic; Chad; Chile; China; Congo (Republic); Congo (Democratic Republic); Costa Rica; Croatia; Cuba; Czech Republic\*; Dominica; Ecuador; Egypt; El Salvador; Estonia; Gabon; Georgia; Ghana; Greece; Guinea; Guyana; Haiti; Honduras; Hong Kong; Hungary; India; Indonesia; Iran; Ivory Coast; Jamaica; Jordan; Kazakhstan; Kenya; Republic of Korea; Kuwait; Kyrgyzstan\*; Laos; Latvia; Lebanon; Lesotho; Liberia; Lithuania; Macedonia; Madagascar; Malaysia; Mali; Malta; Mauritania; Mauritius; Mexico; Moldova\*; Mongolia; Morocco; Namibia; Nepal; Nicaragua; Niger; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Romania; Russia\*; Rwanda; Saudi Arabia; Senegal; Sierra Leone; Singapore; Slovak Republic\*; Slovenia; Somalia; South Africa; Sri Lanka; St. Lucia; St. Vincent and the Grenadines; Serbia and Montenegro\*; Sudan; Swaziland; Syria; Tajikistan\*; Tanzania; Thailand; Togo; Tunisia; Turkey; Turkmenistan; Uganda; Ukraine; United Arab Emirates; Uruguay; Uzbekistan; Venezuela; Vietnam; Yemen (Arab. Rep.); Zambia; and Zimbabwe. (Note: Asterisk denotes treaty in force with predecessor state.)

Germany has ratified treaties, which are not yet in force, with the following countries:

Country	Signed	Temporarily Applicable
Botswana	05/23/00	No
Brazil	09/21/95	No
Burkina Faso	10/22/96	Yes
Gabon (new treaty)	09/15/98	*
Israel	06/24/76	Yes
Moldova	02/28/94	*
Sri Lanka (new treaty)	02/07/00	*

Germany has signed, but not yet ratified, treaties with the following 11 countries/territories. These include new treaties signed with some of the countries of the former Soviet Union and former Yugoslavia, which also remain listed above as prior treaties with these entities remain in effect.

Country	Signed	Temporarily Applicable
Bosnia and Herzegovina	10/18/01	No
Brunei	03/30/98	No
Kyrgyzstan	08/28/97	*
Iran (new treaty)	08/17/02	*
Morocco (new treaty)	08/06/01	*
Mozambique	03/06/02	*
Nigeria	03/28/00	No
Palestine	07/10/00	No
Tadghikistan	03/27/03	*
Thailand (new treaty)	06/24/03	*

(\*) Previous treaties apply

### OPIC and other Investment Programs

OPIC programs were available for the New States of eastern Germany following reunification for several years during the early 1990s, but were suspended following the extraordinary achievements in the economic and political transition.

### Labor

The German labor force is generally highly skilled, well educated, disciplined, and very productive. However, the labor market is characterized by various structural problems, German wages and fringe benefits are among the highest in the world, and, partly as a result, unemployment is high (9.7 %, according to national calculation methods, 8.2% by OECD standards). Although sector-wide labor agreements can set wages at high levels in some industries, there are possibilities for company-level agreements, which can significantly attenuate these high levels. Meanwhile, generous unemployment benefits reduce the incentive to take those lower paying jobs that are available. Legislation designed to protect workers can limit the ability of employers to adapt to changing market conditions.

The government has pending legislation to reform certain labor laws, healthcare rules, and the pension system. The goal is to enact these reforms by the end of 2003, but the government's success is not assured. The overriding goal of these reforms is to reduce labor costs for employers. The reforms in the healthcare and pension systems also seek to limit impending sharp increases in public spending as the post-World War II baby boom generation ages and retires.

The country's system of combined on-the-job and academic training for apprentices produces many of the skills employers need. While widely supported in Germany, there are criticisms of the dual training system. Employers object to its "rigidities" – in principle, protective rules such as restrictions on night work. Another criticism is that the system is too inflexible with regard to occupational categories and training standards; re-training skilled workers for new skills is also extremely difficult. The labor unions complain that employers do not establish enough training slots and do not hire enough of the trainees after their training is completed. The problem of too few slots was documented again in 2003.

Despite overall high unemployment, a serious labor shortage has appeared in some high-tech sectors, prompting business calls for easier visa procedures for qualified foreign guest workers, especially in the information technology field. The government has responded with a program to attract more foreign IT specialists. There have been reports that the continuing economic slackness has caused some of these workers to lose their jobs.

Unionized labor (28-30 % percent of the labor force) is organized in eight unions largely grouped by industry or service sector. These unions are affiliates of the German Trade Union Federation (DGB).

Unions' right to strike and the employers' right to lockout are protected in the German constitution. Court rulings over the years have limited management recourse to lockouts, however. Labor has traditionally been able to agree with management with relatively few work stoppages (in the second quarter of 2002 about 0.1 hours of work lost per worker).

Works councils are bodies consisting of worker and management representatives which workers in companies with five or more permanent workers or more can choose to elect. The rights of the works council cover the right to be informed,

consulted, and to participate in company decisions. Works councils often help labor and management settle problems before they become disputes and disrupt work. A reform in the law governing the works councils enacted in 2001 accelerated the procedures to establish works councils and strengthened their consultation and participation rights.

"Co-determination" laws give the workforce in medium-sized or large companies (stock corporations, limited liability companies, partnerships limited by shares, co-operatives or mutual insurance companies) significant voting representation on the firms' supervisory boards. This codetermination in the supervisory board extends to all company activities.

### Foreign-Trade Zones/Free Ports

There are two free ports in Germany, one in the Hamburg harbor and the other in Duisburg. These duty-free ports also permit value-added processing and manufacturing, albeit under certain requirements, and both are open to both domestic and foreign entities.

### Foreign Direct Investment Statistics

There are a number of sources of statistics on the origin and magnitude of foreign investment, employing varying methods and definitions. According to the U.S. Department of Commerce, the cumulative volume (direct investment position on a historical-cost basis) of American investment in Germany as of 1994, about \$39 billion, was roughly equal to that of German investment in the United States. Thereafter, however, annual flows of new German investment into the United States exceeded flows of American investment into Germany. As a result, by 2000, the cumulative position of German investment in the United States reached \$123 billion, having more than doubled since 1995, while U.S. investment in Germany was valued at just under \$54 billion. According to German statistics, in 2002 Germany saw a gain of new investment from the U.S. of EUR 1 billion while it invested EUR 49.2 billion in the U.S. in the same period, resulting in a net investment flow to the U.S. of EUR 43.7 billion

In general, the latest statistics issued by the German Bundesbank (central bank) show that German investment abroad has tended in recent years to exceed foreign investment received, with 2000 being an exception due to large, one-off investments in the telecommunications sector. From a peak of over EUR 100 billion in 1999, German direct investment abroad has fallen over the last three years -- standing at EUR 47.0 billion in 2001 and 26.0 billion in 2002. Meanwhile, in the same period foreign direct investment in Germany rose, after a decline to EUR 37.9 billion in 2001, to EUR 40.4 billion in 2002 -- for a net direct investment inflow of EUR 14.4 billion. In 2002, Germany's financial account (which includes direct-, and portfolio investments) showed EUR 48.9 billion in net capital imports -- after net capital exports of EUR 22.2 billion in 1999 and EUR 28.5 billion in 2000. The trend was reversed in 2001 with EUR 1.0 billion of net capital imports.

**Table 3. Germany's International Investment Position (EUR billion)**

Calendar Year	2000	2001	2002
Net Direct Investment By German Nationals/Entities Abroad	61.7	47.0	26.0
Net Direct Foreign Investment In Germany	220.4	37.9	40.4

(Source: Deutsche Bundesbank.)

**Table 4. Foreign Direct Investment in Germany by Sector (2002 – EUR million)**

Holding Companies	23,012
Chemical industry	4,770
Data handling	2,151
Services	1,821
Credit and banking	1,453
Media	1,312
Automobiles and parts	896
Electric power equipment, distribution	646
Insurance	549
Medical-, Measuring-, Guidance-, Handling- equipment, Optics	439
Rubber and plastic	121
Machine tools	67

(Source: Deutsche Bundesbank; figures omit reinvested earnings)

**Table 5. Top 20 U.S. investors in Germany in 2000 (in rank order):**

1. Opel AG	11. Conoco Mineraloel GmbH
2. Ford-Werke AG	12. Mobil Oil AG
3. Esso Deutschland AG	13. Dow Deutschland, Inc.
4. Phillip Morris GmbH	14. Kraft Jacobs Suchard Erzeugnisse GmbH
5. IBM Deutschland GmbH	15. Motorola Deutschland
6. General Electric Deutschland	16. Deere and Company European Office
7. Hewlett-Packard GmbH	17. Du Pont de Nemours (Deutschland) GmbH
8. German Coca-Cola	18. Delphi Automotive Systems GmbH
9. Procter and Gamble	19. Compaq Computer GmbH
10. ITT Industries Europe GmbH	20. Kodak AG

## **8: TRADE AND PROJECT FINANCING**

Germany has a basically non-discriminatory, well-developed financial services infrastructure. Germany's universal banking system allows the country's more than 38,000 bank offices not only to take deposits and make loans to customers, but also to trade in securities. The traditional German system of cross-shareholding among banks and industry, as well as a high rate of bank borrowing relative to equity financing, have allowed German banks to exert substantial influence on industry in the past. Germany's recent tax reform, however, eliminated the capital gains tax on holdings sold by one corporation to another as of January 2002. This change is considered especially important to promote industrial restructuring, unwind Germany's complex web of interlocking corporate ownership, and rationalize capital allocation, even though the currently low stock prices seem to slow down that process.

Private banks control 28 percent of the market, while publicly owned savings banks and Landesbanken controlled by state and local governments account for 36 percent of banks' volume of business, and cooperative banks make up the balance. All three types of banks offer essentially the same, full range of services to their customers. An array of specialist banks finance homeowner mortgages, provide guarantees to small and medium-sized businesses, finance projects in disadvantaged regions in Germany and guarantee exports to developing countries.

Practices regarding finance, availability of capital and schedules of payment are comparable to those that prevail in the United States. There are no restrictions or barriers on the movement of capital, foreign exchange earnings or dividends. Virtually all major U.S. banks are represented in the German market principally, but not exclusively, in the city of Frankfurt am Main, Germany's main financial center. A large number of German banks, including some of the partially state-owned regional banks, similarly maintain subsidiaries, branches and/or representative offices in the United States. Germany's largest private banks are Deutsche Bank, HVB, Commerzbank, and Dresdner Bank.

## **9: BUSINESS TRAVEL**

Neither Germany's legal system nor its fully developed infrastructure present any obstacles for traveling to the country. Travel by plane, train or car meets international standards, but prices exceed U.S. standards. The number of in-country flights has been picking up and the train stations that dot the country provide sufficient access to nearly all cities. Nevertheless, cars are the most popular means of transport and Germany's famous highway system is extensive. The condition of roads in eastern Germany may still not reach western German standards, but they are not barriers to traveling. Geographic distances are relatively short, when compared to the United States, but as Germany is much more densely populated than its European neighbors, it may take a little longer to travel the same distance in the FRG than it may take in France or Scandinavia. The industrial and commercial centers in the Rhine-Main (Frankfurt) and Rhine-Ruhr areas are densely populated and heavily industrialized, and business travelers are well advised to plan on early departures to reach their destination on time. Train and air travel are also efficient means of travel, with timely and comprehensive connections between all major and many minor cities throughout both eastern and western Germany.

There is sufficient hotel space in most major cities, unless there happens to be a major trade fair or a similar event in a particular city. Business class amenities and services can be found in all major cities, including those in the eastern states.

Visas are not required for U.S. passport holders on business (and leisure) travel spending fewer than 90 days in Germany. For longer stays, travelers are encouraged to apply to the German Embassy or German Consulates in advance of travel (see addresses in Appendix E, part VII).

**Please note new regulations for German citizens entering the United States.** Starting October 1, 2003, Germans must have a machine-readable passport in order to travel to the U.S. without a visa. In order to avoid the inconvenience and expense of applying in person for a U.S. visa, please advise your German business partners who travel to the U.S. that all travelers, including infants and children, will need to have individual, machine-readable "Europapass"-style passports. Holders of green-cover non-readable German passports and children's travel documents (Kinderausweise) will no longer be eligible for visa-free travel. Please advise your German business partners to make advance preparations in order not to delay their business travel to the United States.

Further information on the Visa Waiver Program requirements can be found at the Department of State's Visa Services web site, <http://travel.state.gov/vwp.html>.

Travel Guides for Business Representatives are available for sale by the Superintendent of Documents. U.S. Government Printing Office, Washington, D.C. 20402; phone: (202) 512-1800; fax: (202) 512-2250. Business travelers to Germany seeking appointments with U.S. Mission officials should contact the commercial sections of the Embassy or the Consulates General in advance. [For contact information, please see Section 11. U.S. and Country Contacts.]

**Table 6: Germany-wide holidays in FY 2004:**

Date	Holiday	
October 3, 2003	Day of German Unity	
October 31	Reformation Day	(4,9,13,14,16)
November 1	All Saints Day	(1,2,10,11,12)
November 19	Repentance Day	(13)
December 25	Christmas	
December 26	Second Christmas Day	
January 1, 2004	New Years Day	
January 6	Epiphany	(1,2,14)
April 9	Good Friday	
April 12	Easter Monday	
May 1	German Labor Day	
May 20	Ascension Day	
May 31	Whit Monday	
June 10	Corpus Christi Day	(1,2,7,10,11,12,13,16)
August 15	Assumption Day	(2,13)

The above numbers denote that the respective holidays are observed in the following federal states:

1 = Baden-Wuerttemberg
2 = Bavaria
3 = Berlin
4 = Brandenburg
5 = Bremen
6 = Hamburg
7 = Hesse
8 = Lower Saxony
9 = Mecklenburg-Pommerania
10 = Northrhine-Westphalia
11 = Rhineland-Palatinate
12 = Saarland
13 = Saxony
14 = Saxony-Anhalt

15 = Schleswig-Holstein

16 = Thuringia

## 10: ECONOMIC AND TRADE STATISTICS

### A. OVERVIEW

- a. Population: 83 million (2000), including 17.2 million in eastern Germany and 7.4 million foreigners (d).
- b. Religion: 34% Protestant, 33% Catholic.
- c. Government: Constitutional, parliamentary confederation  
Head of State: Johannes Rau, President  
Head of Government, Gerhard Schroeder, Chancellor
- d. Language: German

### B. DOMESTIC ECONOMY

	1999	2000	2001	2002	Source /Endnote
GDP (current, EUR bill)	1,978.6	2,030.0	2,071.2	2,108.2	(a)
GDP (current, \$ bill)	2,111.2	1,875.7	1,855.8	1,990.1	(a)
Real GDP Growth Rate (%)	+2.0	+2.9	+0.6	+0.2	(a)
GDP per Capita (\$)	25,714.7	24,699.1	22,534.4	24,109.7	(a)
Fed Govt Expenditure(% GDP)	13.9	13.5	13.1	13.7	(1)(a)
Public Expenditure(% GDP)	49.5	48.6	49.1	49.8	(1)(a)
Inflation/Cost of Living (%)	0.6	1.4	2.0	1.4	(c)
ForEx Reserves (EUR bill)	93.0	93.8	93.2	85.0	(a)
Unemployment (%)	10.5	9.7	9.4	9.8	(a)
Exchange Rate (\$/EUR)	1.067	0.924	0.896	0.944	(d)
Ext'l Public Debt (\$ bill)	442.3	407.1	405.9	475.9	(a)
Wages (1995=100)	109.2	111.4	113.6	116.6	(a)
Productivity (Output per hour, 1995=100)	107.3	109.6	110.7	n/a	(a)

### C. TRADE

	1999	2000	2001	2002	Source
a) Total exports (fob/USD billion)	544.2	552.0	571.9	612.0	(a)
b) Total imports (cif/USD billion)	502.1	438.1	445.5	459.2	(a)
c) Imports from U.S. (fas/USD billion)	26.8	29.5	30.0	26.6	(b)
d) Exports to U.S. (customs/USD billion)	57.0	60.3	59.0	62.5	(b)
e) Principal U.S. exports: computers & software, computer services, drugs and pharmaceuticals, medical equipment					
f) Principal U.S. imports: motor vehicles/parts, machine tools, machinery, analytical/diagnostic equipment, chemicals.					
g) Foreign supplier imports (%): share of German import Market					
	1999	2000	2001	2002	Source
France	10.2	9.4	9.5	9.9	(c)
Netherlands	8.1	8.3	8.5	8.5	(c)
Italy	7.4	6.6	6.6	6.5	(c)
United States	8.3	8.8	8.4	7.6	(c)
United Kingdom	6.9	6.9	7.0	6.3	(c)
Belgium/ Luxembourg	4.9	5.6	5.1	5.1	(c)
Japan	4.9	5.0	4.2	3.6	(c)
China	n/a	n/a	n/a	4.1	(a)

h) Current account (EUR billion):		1999	2000	2001	2002	Source
		-22.3	-28.5	+0.8	+48.9	(a)

  

i) Trade balance with world & leading trading partners (USD billion)		1999	2000	2001	2002	Source
	Austria	10.7	11.0	10.6	11.4	(a)
	United Kingdom	13.2	11.5	13.5	19.5	(a)
	France	13.9	15.3	17.0	19.3	(a)
	United States	15.6	13.5	19.6	25.1	(a)
	Belgium/Luxembourg	6.3	6.0	6.0	5.0	(a)
	Italy	5.6	8.5	10.6	13.0	(a)
	Netherlands	-1.8	-5.3	-2.9	-3.4	(a)
	Japan	-12.2	-12.6	-8.5	-6.5	(a)
	<b>** World **</b>	<b>69.5</b>	<b>54.6</b>	<b>84.4</b>	<b>126.2</b>	(a)

  

j) Import policy

1. Tariffs: EC Common External Tariff.
2. Taxes: Value Added Tax (VAT) of 16% on industrial goods.
3. Licensing: Few restrictions.

  

k) Best U.S. Export Prospects: Computer Software, Computer Services, Management Consulting Services, Computers and Peripherals, Medical Equipment, Industrial Chemicals, Drugs and Pharmaceuticals, Franchising, Sporting Goods, Automotive Parts and Services, Telecommunications Equipment, Industrial Process Controls, Electronic Components, Pollution Control Equipment, Travel and Tourism,

#### SOURCES:

- a. German Federal Bank Monthly Reports and supplements
- b. Official statistics of the U.S. Department of Commerce
- c. German Federal Statistical Office
- d. International Monetary Fund

## 11: U.S. AND COUNTRY CONTACTS

### A. COUNTRY CONTACTS

Federal Ministry of Economics  
Bundesministerium fuer Wirtschaft & Technologie  
Mr. Wolfgang Hantke, America Desk Officer  
Scharnhorststrasse 34-37  
10115 Berlin, Germany  
Telephone: [49][30] 2014-7578 and 01888-615-7578  
Telefax: [49][30] 2014-5479 and 01888-615-5479  
Email: [info@bmwi.bund.de](mailto:info@bmwi.bund.de)  
[www.bmwi.de](http://www.bmwi.de)

Bundesministerium fuer Wirtschaft & Technologie  
Dr. Bernard Veltrup, Head of Division - New States  
Scharnhorststrasse 34-37  
10115 Berlin, Germany  
Telephone: [49][30] 2014-6260  
Telefax: [49][30] 2014-5364  
Email: [info@bmwi.bund.de](mailto:info@bmwi.bund.de)  
[www.bmwi.de](http://www.bmwi.de)

Federal Bureau for Foreign Trade Information  
Bundesagentur fuer Aussenwirtschaft  
Ms. Zimniok, North American Desk Officer  
Agrippastrasse 87-93

50676 Koeln, Germany  
Telephone: [49][221] 20 57-249  
Telefax: [49][221] 20 57-212  
[www.bfai.de](http://www.bfai.de)

Federal Ministry of Finance  
Bundesministerium fuer Finanzen  
Wilhelmstrasse 97  
10117 Berlin, Germany  
Telephone: [49][30] 2242-0  
Telefax: [49][30] 2242-3260  
[www.bundesfinanzministerium.de](http://www.bundesfinanzministerium.de)

## **B. COUNTRY TRADE ASSOCIATIONS/CHAMBERS OF COMMERCE**

Bundesverband der Deutschen Industrie e.V. (BDI)  
(Federation of German Industries)  
Breite Strasse 29  
10178 Berlin, Germany  
Telephone: [49][30] 2028-0  
[www.bdi-online.de](http://www.bdi-online.de)

Deutscher Industrie und Handelskammertag (DIHK)  
(Federation of German Chambers of Industry and Commerce)  
Breite Strasse 29  
10178 Berlin, Germany  
Telephone: [49][30] 203 08-0  
Telefax: [49][30] 203 08-1000  
Email: [dihk@berlin.dihk.de](mailto:dihk@berlin.dihk.de)  
[www.dihk.de](http://www.dihk.de)

Bundesverband des Deutschen Gross- und Aussenhandels e.V. (BGA)  
(Federation of German Wholesale and Foreign Trade)  
Am Weidendamm 1 A  
10117 Berlin, Germany  
Telephone: [49][30] 5900 995-0  
Telefax: [49][30] 5900 995-19  
[www.bga.de](http://www.bga.de)

Zentralverband Elektrotechnik- und Elektronikindustrie e.V. (ZVEI)  
(German Electrical and Electronic Manufacturers Association)  
Stresemannallee 19  
60596 Frankfurt/Main, Germany  
Telephone: [49][69] 6302-0  
Telefax: [49][69] 6302-317  
Email: [zvei@zvei.org](mailto:zvei@zvei.org)  
[www.zvei.de](http://www.zvei.de)

Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA)  
(German Association of Machinery and Plant Manufacturers)  
Lyoner Strasse 18  
60528 Frankfurt/Main, Germany  
Telephone: [49][69] 6603-0  
Telefax: [49][69] 6603-1511  
Email: [puoe@vdma.org](mailto:puoe@vdma.org)  
[www.vdma.de](http://www.vdma.de)



Bundesverband Informationswirtschaft, Telekommunikation und Neue Medien e.V. (BITKOM)  
(Federal Association for IT, Telecommunications and New Media Companies)  
Albrechtstraße 10  
10117 Berlin  
Postfach 640144  
10047 Berlin  
Telephone: [49][30] 2 75 76-0  
Telefax: [49][30] 2 75 76-4 00  
Email: [bitkom@bitkom.org](mailto:bitkom@bitkom.org)

Centralvereinigung Deutscher Handelsvertreter- und Handelsmakler-Verbaende (CDH)  
(General Association of Commercial Agents and Brokers)  
Am Weidendamm 1a  
10117 Berlin, Germany  
Telephone: [49][30] 72625-600  
Telefax: [49][30] 72625-699  
Email: [centralvereinigung@cdh.de](mailto:centralvereinigung@cdh.de)  
[www.cdh.de](http://www.cdh.de)

American Chamber of Commerce  
Rossmarkt 12  
60311 Frankfurt am Main  
Telephone: [49][69] 92 91 04 - 0  
Telefax: [49][69] 92 91 04 - 11  
Email: [info@amcham.de](mailto:info@amcham.de)  
[www.amcham.de](http://www.amcham.de)

### **C. COUNTRY MARKET RESEARCH FIRMS**

It would exceed the scope of this guide to list even only the major market research or consultant companies. Most of these firms belong to one or both of the following associations and can be contacted through these.

Bundesverband Deutscher Unternehmensberater e.V. (BDU)  
(Federal Association of German Consultants)  
Mr. Christoph Weyrather  
Zitelmannstr. 22  
53113 Bonn, Germany  
Telephone: [49][228] 9161-0  
Telefax: [49][228] 9161-26  
Email: [info@bdu.de](mailto:info@bdu.de)  
[www.bdu.de](http://www.bdu.de)

Arbeitskreis Deutscher Markt- und Sozialforschungsinstitute e.V. (ADM)  
(Federation of German Market and Social Research Institutes)  
Dr. Klaus L. Wuebbenhorst, Member of the Board  
Langer Weg 18  
60489 Frankfurt/Main, Germany  
Telephone: [49][69] 97843136  
Telefax: [49][69] 97843137  
Email: [adm.ev@t-online.de](mailto:adm.ev@t-online.de)  
[www.adm-ev.de](http://www.adm-ev.de)

### **D. COUNTRY COMMERCIAL BANKS**

There are numerous domestic and foreign banks represented in Germany; among the largest German and American institutions are:

Deutsche Bank AG  
Taunusanlage 12  
60325 Frankfurt am Main, Germany  
Telephone: [49] [69] 91 000  
Telefax: [49] [69] 910-34227  
Email: [deutsche-bank@db.com](mailto:deutsche-bank@db.com)  
[www.deutsche-bank.de](http://www.deutsche-bank.de)

Dresdner Bank AG  
Juergen-Ponto-Platz 1  
60301 Frankfurt am Main, Germany  
Telephone: [49] [69] 263-0  
Telefax: [49] [69] 263-4004  
[www.dresdner-bank.com](http://www.dresdner-bank.com)

Westdeutsche Landesbank  
Herzogstrasse 15  
40217 Dusseldorf, Germany  
Telephone: [49] [211] 826-01  
Telefax: [49] [211] 826-6119  
[www.westlb.de](http://www.westlb.de)

Commerzbank AG  
Neue Mainzer Strasse 32-36  
60311 Frankfurt am Main, Germany  
Telephone: [49] [69] 1362-0  
Telefax: [49] [69] 136-41665  
Email: [info@commerzbank.com](mailto:info@commerzbank.com)  
[www.commerzbank.com](http://www.commerzbank.com)

Citibank AG  
Reutterweg16  
60323 Frankfurt am Main, Germany  
Telephone: [49] [69] 1366-0  
Telefax: [49] [69] 1366-1113  
[www.citibank.com](http://www.citibank.com)

JP Morgan GmbH  
Boersenstr. 2-4  
60313 Frankfurt am Main, Germany  
Telephone: [49] [69] 7124-0  
Telefax: [49] [69] 7124-1306  
[www.jpmorgan.com](http://www.jpmorgan.com)

Goldman-Sachs & CO OHG  
Messturm  
Friedrich-Ebert-Anlage 49  
60308 Frankfurt am Main, Germany  
Telephone: [49] [69] 7532-0  
Telefax: [49] [69] 7532-2800  
[www.gs.com](http://www.gs.com)

Merrill Lynch Bank AG  
Neue Mainzer Strasse 52  
60311 Frankfurt am Main, Germany  
Telephone: [49] [69] 5899-0  
Telefax: [49] [69] 5899-4000

## **E. U.S. EMBASSY TRADE PERSONNEL**

### **United States Embassy, Berlin, Germany**

Mailing Address:

U.S. Embassy Berlin  
PSC 120, Box 1000  
APO AE 09265

Street Address:

U.S. Embassy Berlin  
Neustaedtische Kirchstrasse 4-5  
10117 Berlin  
Telephone: [49] [30] 238-5174 (Switchboard)  
Telefax: [49] [30] 2045-4466  
[www.usembassy.de](http://www.usembassy.de)

Ambassador  
Daniel R. Coats

Deputy Chief of Mission  
Mr. John Cloud

Minister Counselor for Commercial Affairs  
Mr. John Fogarasi  
Telephone: [49][30] 8305 2740  
Telefax: [49][30] 2045 4466  
Email: [john.fogarasi@mail.doc.gov](mailto:john.fogarasi@mail.doc.gov)

Minister Counselor for Economic Affairs  
Mr. Robert Cekuta  
Telephone: [49][30] 8305 2305  
Telefax: [49][30] 204 4457  
Email: [nelsondd@state.gov](mailto:nelsondd@state.gov)

Minister-Counselor for Agricultural Affairs  
Mr. Richard K. Petges  
Telephone: [49][30] 8305 1150  
Telefax: [49][30] 8431 1935  
Email: [Petges@fas.usda.gov](mailto:Petges@fas.usda.gov)

U.S. Representative to the U.S. Central Bank  
Mr. James G. Wallar  
U.S. Consulate General Frankfurt  
Siesmayerstrasse 21  
60323 Frankfurt  
Telephone: [49][69] 7535 2459

### **U.S. Consulates**

#### **Dusseldorf**

U.S. & Foreign Commercial Service

Mr. Edward Fantasia, Commercial Representative  
Willi-Becker-Allee 10  
40227 Dusseldorf, Germany  
Telephone: [49][211] 737-767-0  
Telefax: [49][211] 737-767-67  
Email: [dusseldorf.office.box@mail.doc.gov](mailto:dusseldorf.office.box@mail.doc.gov)  
<http://www.buyusa.gov/germany/en/duesseldorf.html>

#### **Frankfurt/Main**

U.S. & Foreign Commercial Service  
Mr. Todd Thurwachter, Commercial Officer  
Siesmayerstrasse 21  
60323 Frankfurt/Main, Germany  
Telephone: [49][69] 956204-0  
Telefax: [49][69] 561114  
Email: [frankfurt.office.box@mail.doc.gov](mailto:frankfurt.office.box@mail.doc.gov)  
<http://www.buyusa.gov/germany/en/frankfurt.html>

#### **Hamburg**

U.S. & Foreign Commercial Service  
Mr. James Finlay, Commercial Representative  
Alsterufer 27/28  
20354 Hamburg, Germany  
Telephone: [49][40] 4117 1224  
Telefax: [49][40] 4106 598  
Email: [hamburg.office.box@mail.doc.gov](mailto:hamburg.office.box@mail.doc.gov)  
<http://www.buyusa.gov/germany/en/hamburg.html>

#### **Leipzig**

U.S. & Foreign Commercial Service  
Mr. Andrew Wylegala, Commercial Officer (resident in Berlin)  
Wilhelm-Seyfferth-Strasse 4  
04107 Leipzig, Germany  
Telephone: [49][341] 2138 440  
Telefax: [49][341] 2138 441  
Email: [leipzig.office.box@mail.doc.gov](mailto:leipzig.office.box@mail.doc.gov)  
<http://www.buyusa.gov/germany/en/leipzig.html>

#### **Munich**

U.S. & Foreign Commercial Service  
Mr. Bryan Smith, Commercial Officer  
Koeniginstrasse 5  
80539 Munich, Germany  
Telephone: [49][89] 288 8754  
Telefax: [49][89] 285 261  
Email: [munich.office.box@mail.doc.gov](mailto:munich.office.box@mail.doc.gov)  
<http://www.buyusa.gov/germany/en/munich.html>

#### **F. Other Country Contacts**

The U.S. Agricultural Trade Office in Hamburg closed in September 2002. All marketing inquiries for food and agricultural products should be directed to the Agricultural Affairs Office in Berlin.

Office of Agricultural Affairs  
Clayallee 170  
10117 Berlin, Germany  
Telephone: [49][30] 8305-1158

Telefax: [49][40] 8431-1935  
Email: [agberlin@fas.usda.gov](mailto:agberlin@fas.usda.gov)  
[www.usembassy.de/ato](http://www.usembassy.de/ato)

## **G. Washington-based USG Country Contacts**

U.S. Department of Commerce  
International Trade Administration  
Ms. Kelly Parsons  
Desk Officer for Germany  
Room 3513  
Washington, DC 20230  
Telephone: (202) 482-2177  
Telefax: (202) 482-4098  
Email: [kelly\\_parsons@ita.doc.gov](mailto:kelly_parsons@ita.doc.gov)  
[www.ita.doc.gov](http://www.ita.doc.gov)

USDA - Foreign Agricultural Service  
Ag Export Services Division  
1400 Independence Ave, SW  
Washington, DC 20250-1052  
Telephone: (202) 720-6343  
Telefax: (202) 690-4374  
<http://www.fas.usda.gov/>

U.S. Department of State  
Germany Desk  
EUR/AGS/Room 4228  
Washington, DC 20520  
Telephone: (202) 647-2005  
Telefax: (202) 647-5117  
Email: [www.state.gov](http://www.state.gov)

U.S. Department of the Treasury  
Ms. Carol Carnes  
Germany Desk Officer  
3107 NY Ave  
Washington D.C. 20220  
Telephone: (202) 622-1235  
Telefax: (202) 622-0134  
[www.ustreas.gov](http://www.ustreas.gov)

Office of the U.S. Trade Representative  
Office of Europe and the Mediterranean  
Executive Office of the President  
600 17<sup>th</sup> Street NW  
Washington, DC 20508  
Telephone: (202) 395-3320  
Telefax: (202) 395-3974  
[www.ustr.gov](http://www.ustr.gov)

## **U.S.-based Multipliers**

Embassy of the Federal Republic of Germany  
4645 Reservoir Road, N.W.  
Washington, D.C. 20007-1998

Telephone: (202) 298-4000 (switchboard)  
Telefax: (202) 298-4249  
[www.germany-info.org](http://www.germany-info.org)

CMA - German Agricultural Marketing Board  
North American Office  
1800 Diagonal Road, Suite 210  
Alexandria, Virginia 22314  
Telephone: (703) 739-8900  
Telefax: (703) 739-8910  
Email: [feedback@cmnorthamerica.org](mailto:feedback@cmnorthamerica.org)  
[www.cmnorthamerica.org](http://www.cmnorthamerica.org)

German American Chamber of Commerce Inc. (Headquarters)  
12 East 49<sup>th</sup> Street 24<sup>th</sup> floor  
New York, NY 10017  
Telephone: (212) 974-8830  
Telefax: (212) 974-8867  
Email: [info@gaccny.com](mailto:info@gaccny.com)  
[www.gaccny.com](http://www.gaccny.com)

German Representative for Industry and Trade  
Mr. Robert Bergmann  
1627 I Street, NW  
Suite 550  
Washington DC 20006  
Telephone: (202) 659-4777  
Telefax: (202) 659-4779  
Email: [Info@rgit-usa.com](mailto:Info@rgit-usa.com)  
[www.rgit-usa.com](http://www.rgit-usa.com)

## Useful Websites

<http://www.buyusa.de/en> - U.S. Commercial Service Germany  
[www.buyusa.com](http://www.buyusa.com) - U.S. Commercial Service trade matchmaking portal  
[www.agbc.de](http://www.agbc.de) - American-German Business Club  
[www.amcham.de](http://www.amcham.de) - American Chamber of Commerce in Germany  
<http://www.useu.be/agri/> - the office of Agricultural Affairs at the U.S. Mission to the European Union has a very comprehensive website on EU food laws, import requirements, and duties and quotas.  
[www.fas.usda.gov](http://www.fas.usda.gov) - The Foreign Agricultural Service website has trade and production statistics, exporter assistance information, marketing information, trade policy news and links to the attaché reports.

## 12: MARKET RESEARCH

In FY 2004, CS Germany plans to report on the following topics:

ITA Code	TITLE
AGR	Agricultural Machinery
APS	Telematics
BTC	Funding Biotechnology
COS	Haircare
CPT	Servers
CSF	Security Software
DNT	Dental Equipment
DRG	Pharmaceuticals
ECS	E-Government
EIP	Semiconductor Production Equipment

FRA	Franchising
GSV	Direct Marketing
HCG	Tabletop Products
LAB	Laser-based Sensors
PGA	Printing Machinery
PRE	Plastic Production Equipment
SEC	Admission Control and Video Surveillance
SPT	Hunting Equipment and Accessories
TEL	Wireless Telecommunication Equipment
TRA	Market Trends in Travel and Tourism

## Agricultural Reports

### Attache Reports

Attache reports provide information on market opportunities, crop conditions, new policy developments and information on the German food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on select products. Attache reports can be found at <http://www.fas.usda.gov/scripts/attacherep/default.asp>. In recent years, many of the German reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the German market also review the EU reports.

### American Food Directory

The Agricultural Affairs Office has produced a food directory entitled "American Foods in Europe (AFE) 2001/2002 Directory of European Importers of U.S. Food and Beverage Products". The AFE directory contains listings of about 200 European companies, from 17 European countries, handling about 500 branded and a wide assortment of generic U.S. food and beverage products available in Europe. The directory is a useful resource for retailers, hotels, caterers, restaurants and others seeking to purchase U.S. food or beverage products but who do not wish to import directly. In addition to a hardcopy, an Internet version of the 2001/2002 Directory is available at [www.american-foods.org](http://www.american-foods.org). An updated version of the AFE Directory is currently expected in October 2003. The AFE 2004 Directory will be expanded to include listings of European importers from the EU-25 countries.

For further information please review the FAS Homepage and the FAS AgExport Services Division. The FAS homepage may be visited on line at: <http://www.fas.usda.gov>.

## 13: TRADE EVENT SCHEDULE

### October 2003

Date	Event	Location	Post	Activity
10/01-02	Modern emergency preventive systems	Hamburg	Hamburg	
10/05-07	Golf Europe	Munich	Munich	PLC
10/07-10	Interairport Munich	Munich	Hamburg/Munich	
10/07-07	MBA Fair	Hamburg	Hamburg	
10/07-09	MedTrade	Atlanta	Dusseldorf	IBP
10/07-09	Biotechnica	Hannover	Hamburg	CEO
10/08-10	Fachpack	Nuremberg	Dusseldorf	SR/EE/EC
10/08-10	IKK 2003	Hannover	Munich	CT/EE/EC/SR
10/08-13	Intl. Book Fair Frankfurt	Frankfurt	Hamburg	
10/14-18	FAKUMA	Friedrichshafen	Dusseldorf	SR/EE/EC
10/14-17	ISSA Interclean	Chicago	Leipzig	IBP
10/15-18	REHACare International	Dusseldorf	Dusseldorf	SR/EE/EC
10/20-24	Systems 2003	Munich	Munich	SR/EE/EC
10/25-11/02	Hanseboot	Hamburg	Hamburg	
10/27-30	A&A	Dusseldorf	Dusseldorf	SR/EE/EC

10/27-30	European Banking Insur Fair 2003	Frankfurt	Frankfurt	TF/PLC
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### **November 2003**

Date	Event	Location	Post	Activity
11/05-08	AAIW- Automotive Aftermarket Industry week	Las Vegas	Frankfurt	IBP
11/06-09	BauFach 2003	Leipzig	Leipzig	SR/EE/EC
11/11-15	Agritechinca	Hannover	Leipzig	SR/EE/EC
11/11-14	Productronica 2003	Munich	Munich	BIO
11/12-14	Brau Beviale	Nuremberg	Hamburg	
11/14-16	Reisen und Freizeit Friedrichshafen	Friedrichshafen	Frankfurt	SR/EE/EC
11/17-19	BIO Europe	Frankfurt	Hamburg	
11/19-22	Medica 2003	Dusseldorf	Dusseldorf	CEO
11/19-23	Touristik & Caravaning Leipzig	Leipzig	Frankfurt	SR/EE/EC
11/25-27	SPS/IPC/Drives	Stuttgart	Dusseldorf	SR/EE/EC
11/26-12/06	Essen Motor	Essen		
11/28-30	Internationaler Reisemarkt Cologne	Cologne	Frankfurt	SR/EE/EC

### **December 2003**

Date	Event	Location	Post	Activity
12/03-06	Euro Mold	Frankfurt	Dusseldorf	SR/EE/EC
12/03-06	Turntec	Frankfurt	Dusseldorf	SR/EE/EC

### **January 2004**

Date	Event	Location	Post	Activity
01/01-31	CMT Caravan Motor Touristik	Stuttgart	Frankfurt	SR/EE/EC
01/09-11	Reisemarkt Rhein Necker Pfalz	Mannheim	Frankfurt	SR/EE/EC
01/12-14	Super Show 2004	Orlando	Munich	IBP
01/13-18	DEUBAU	Essen	Leipzig	SR/EE/EC
01/14-17	Heimtextil	Frankfurt	Frankfurt	BIO
01/17-25	boot Dusseldorf	Dusseldorf	Hamburg	
01/19-25	imm cologne	Cologne	Dusseldorf	SR/EE/EC
01/19-22	International Builder's Show	Las Vegas	Leipzig	IBP
01/24-28	Paper World	Frankfurt	Hamburg?	
01/26-28	AHR Expo 2004	Anaheim	Munich	IBP
01/29-02/01	PGA Merchandise Show	Orlando	Munich	IBP
01/31-02/04	Christmas World	Frankfurt	Dusseldorf	SR/EE/EC
01/31-02/03	ISPO Winter 2004	Munich	Munich	BIO

### **February 2004**

Date	Event	Location	Post	Activity
02/01-04	Kind & Jugend	Cologne	Dusseldorf	SR/EE/EC
02/05-10	International Toy Fair 2004	Nuremberg	Munich	SR/EE/EC
02/07-10	CPD body and beach	Dusseldorf	Dusseldorf	SR/EE/EC
02/07-10	Reevolutions	Dusseldorf	Dusseldorf	SR/EE/EC
02/09-13	Bildungsmesse	Cologne	Hamburg	
02/10-15	bautec Berlin	Berlin	Leipzig	SR/EE/EC
02/11-15	Reisen Hamburg	Hamburg	Frankfurt	SR/EE/EC



02/12-15	fish international	Bremen	Hamburg	
02/12-15	Shot Show 2004	Las Vegas	Munich	IBP
02/14-22	CBR- Caravan Watersports Tourism	Munich	Frankfurt	SR/EE/EC
02/16-19	World of Concrete	Orlando	Leipzig	IBP
02/17-19	Altenpflege/ Healthcare	Hannover	Dusseldorf	SR/EE/EC
02/17-19	Envitec	Dusseldorf	Hamburg	
02/20-23	Inhorgenta	Munich	Dusseldorf	SR/EE/EC
02/24-26	APEX 2004 Assembly Process Exhibition & Conference	Anaheim	Dusseldorf	IBP
02/25-29	Home tech 2004	Cologne	Dusseldorf	SR/EE/EC
02/26-27	Fairway 2004	Munich	Munich	SR/EE/EC
02/27-03/02	Ambiente	Frankfurt	Dusseldorf	BIO

### **March 2004**

Date	Event	Location	Post	Activity
03/01-31	Reise Camping International	Essen	Frankfurt	SR/EE/EC
03/05-10	Internorga	Hamburg	Hamburg	
03/7-12	Pittcon 2004	Chicago	Frankfurt	IBP
03/09-13	Musikmesse	Frankfurt	Frankfurt	SR/EE/EC
03/10-17	CeBit '04	Hannover	Berlin	CEO/BIO
03/10-12	EC 21 BioInvestor	Munich	Hamburg	
03/12-15	GDS	Dusseldorf	Dusseldorf	SR/EE/EC
03/12-16	ITB Internationale Tourismus Boerse	Berlin	Frankfurt	BIO
03/14-17	Practical World	Cologne	Dusseldorf	BIO
03/29-04/04	Bauma	Munich	Leipzig	SR/EE/EC
03/29-04/02	electronicaUSA 2004	Francisco	Munich	IBP
03/29-04/02	Tube	Dusseldorf	Dusseldorf	BIO
03/29-04/02	Wire	Dusseldorf	Dusseldorf	BIO
03/30-04/01	Electric Power 2004	Baltimore		IBP
03/03-03	fenster/ frontale 2004	Nuremberg	Leipzig	SR/EE/EC

### **April 2004**

Date	Event	Location	Post	Activity
04/01-01	International Franchise Corp.	Washington	Munich	IBP
04/19-24	Hannover Fair	Hannover	Hamburg	
04/20-22	Semicon	Munich	Munich	SR/EE/EC
04/22-25	FIBO 2004	Essen	Munich	BIO
04/24-28	Pow Wow 2004	Los Angeles	Frankfurt	IBP

### **May 2004**

Date	Event	Location	Post	Activity
05/06-19	Drupa 2004	Dusseldorf	Dusseldorf	CEO
05/10-16	ILA 2004	Berlin	Hamburg/Munich?	
05/11-14	Analytica	Munich	Frankfurt	SR/EE/EC
05/11-14	Control	Sinsheim	Dusseldorf	SR/EE/EC
05/11-14	Wind Energy 2004	Hamburg	Leipzig	SR/EE/EC
05/13-16	Interzoo		Munich	PLC
05/19-22	Dach Wand- Roof Wall	Munich	Leipzig	SR/EE/EC

**June 2004**

Date	Event	Location	Post	Activity
06/08-10	GPEC 2004			
06/15-19	Metav	Dusseldorf	Dusseldorf	SR/EE/EC
06/15-17	SMT/Hybrid/ Packaging 2004	Nuremberg	Munich	SR/EE/EC
06/16-18	CeBIT America	New York	Berlin	IBP
06/16-18	Die Zuliefermesse/The subcontracting fair	Leipzig	Frankfurt	PLC/BIO
06/22-25	Optatec 2004	Frankfurt	Frankfurt	SR/EE/EC

**July 2004**

Date	Event	Location	Post	Activity
07/02-05	Kind & Jugend	Cologne	Dusseldorf	SR/EE/EC
07/19-25	Farnborough Airshow	Farnborough	Hamburg/Munich	ST
07/22-25	OutDoor 2004	Friedrichshafen	Munich	SR/EE/EC
07/25-29	AACC Clinical Lab Exposition	Los Angeles	Dusseldorf	IBP

**August 2004**

Date	Event	Location	Post	Activity
08/07-10	CPD body and beach	Dusseldorf	Dusseldorf	
08/07-10	CPD woman/man	Dusseldorf	Dusseldorf	SR/EE/EC
08/07-10	Reevolutions	Dusseldorf	Dusseldorf	SR/EE/EC
08/15-17	National Hardware Show	Chicago	Dusseldorf	IBP
08/27-31	Tendence Lifestyle	Frankfurt	Dusseldorf	SR/EE/EC

**September 2004**

Date	Event	Location	Post	Activity
09/02-05	EUROBIKE 2004	Friedrichshafen	Munich	SR/EE/EC
09/05-07	Gafa	Cologne	Dusseldorf	BIO
09/05-07	SPOGA 2004	Cologne	Munich	SR/EE/EC
09/12-19	hogatec	Dusseldorf	Hamburg	
09/14-18	AMB	Stuttgart	Dusseldorf	SR/EE/EC
09/14-19	AUTOMECHANIKA	Frankfurt	Frankfurt	BIO
09/16-19	IFMA 2004 (Bike world unlimited)	Cologne	Munich	SR/EE/EC
09/17-20	GDS	Dusseldorf	Dusseldorf	SR/EE/EC
09/18-26	InterBoot	Friedrichshafen	Hamburg	
09/20-22	DIMA	Dusseldorf	Frankfurt	SR/EE/EC
09/22-24	Aluminum	Essen	Dusseldorf	SR/EE/EC
09/28-30	Materialica	Munich	Dusseldorf	SR/EE/EC
09/28-10/03	Photokina	Cologne	Dusseldorf	BIO
09/28-10/02	SMM	Hamburg	Hamburg	
09/29-10/01	FachPack	Nuremberg	Dusseldorf	SR/EE/EC

**KEY:**

IBP	International Buyer Program (USDOC officially supported U.S. Trade Show)
PLC	Product Literature Center
SR/EE/EC	Sectoral Research/Event Evaluation/Exhibitor Counseling

## Agricultural Trade Shows in Germany

The following are some of the major trade shows being held in Germany that are dedicated to the agricultural sector and products

Note: The promotional events listed are provided for informational purposes only. No endorsement should be implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer. Please contact the organizer directly for further information.

Date	Event	Location
<b>2003</b>		
October 3-9, 2003	IBA (International Bakers Show)	Duesseldorf,
October 11-15, 2003	ANUGA	Cologne
<b>2004</b>		
January 29 - February 1, 2004	IPM (International Plant Show)	Essen
February 1 -4, 2004	ISM (International Sweets and Biscuit Show)	Cologne
February 5-7, 2004	Fruit Logistica	Berlin
February 19-22, 2004	Bio Fach	Nuremberg
February 12-15, 2004	FISCH International & Seafood Europe	Bremen
March 5-10, 2004	Internorga	Hamburg
February 29 – March 2, 2004	ProWein	Dusseldorf
May 13-16, 2004	Interzoo	Nuernberg
September 26 –29, 2004	InterCool	Duesseldorf

Note: More information about these and other German exhibitions and trade shows can be found under the following Internet address: <http://www.auma-messen.de>. This listing is also available on the website of the Agricultural Affairs Office at the American Embassy in Berlin [www.usembassy.de](http://www.usembassy.de)

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